



Progress beyond

Sunshield Chemicals Limited

33rd ANNUAL REPORT

2019-20

Performance Summary

₹ In Lakhs

Particulars	Percentage of Growth in comparison to Previous Year	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10
Volume Sales (M.T)	(4)	12088	12528	13359	13323	10446	8765	9703	8146	8062	7972	6661
Revenue												
Gross Sales	(5)	18108	18969	18526	17509	15853	12738	14057	11185	10069	8492	6864
Net Sales	(5)	18108	18969	18337	16523	15023	11901	13365	10530	9429	7914	6450
Other Income	(46)	124	228	165	22	304	69	37	20	93	65	5
Cost												
Material Consumed	(8)	12124	13187	12775	11358	10060	8627	9594	7559	6817	5539	4272
Employee benefits expense	2	659	646	704	665	667	629	499	468	390	327	272
Finance costs	(7)	1000	1070	969	946	1080	349	357	510	550	410	355
Depreciation and amortization expense	4	609	586	596	598	548	327	230	248	224	193	181
Other expenses	3	3617	3512	3496	3661	3315	2428	2184	1654	1458	1247	993
Profit / Loss before Tax & exception item	14	223	196	151	(684)	(343)	(391)	539	110	83	264	383
Exception item	(40)	104	174	—	—	—	—	—	(7)	10	(10)	(11)
Profit / Loss before Tax	441	119	22	151	(684)	(343)	(391)	539	103	93	254	372
Profit / Loss after Tax	150	55	22	31	(544)	(85)	(318)	(40)	84	106	150	294
Earning Per Share	193	0.88	0.30	1.64	(7.40)	(1.15)	(4.33)	(0.55)	1.24	1.32	2.17	4.00

SUNSHIELD CHEMICALS LIMITED

ANNUAL REPORT 2019-20

DIRECTORS

R L Shenoy	Chairman
Manoj Khullar	Managing Director
Ajit Shah	Director
Aruna Soman	Director
Boon Tong Koh	Director
YockJeng Goh	Director
Lim Kim Swee	Director
Mohit Jalote	Director

COMPANY SECRETARY

Amit Kumashi

AUDITORS

M/s. Deloitte Haskins & Sells LLP

BANKERS

Kotak Mahindra Bank Ltd.
BNP Paribas
State Bank of India
Citi Bank N.A.

REGISTERED OFFICE

Equinox Business Park,
Tower-4, 9th Floor, unit-903
LBS Marg, Kurla (West), Mumbai 400 070
Tel.: 91-22-66547417
E-mail: investors.grievances@solvay.com
Website: www.solvayindia.in

REGISTRARS & SHARE TRANSFER AGENTS

TSR Darashaw Consultants Private Limited
6-10, Haji Moosa Patrawala Industrial Estate
20, Dr. E. Moses Road, Near Famous Studio
Mahalaxmi, Mumbai – 400 011
Tel.: 91-22-66568484
E-mail: csg-unit@tsrdarashaw.com
Website: www.tsrdarashaw.com

WORKS

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

CORPORATE IDENTITY NUMBER

L99999MH1986PLC041612

AUDIT COMMITTEE

Ajit Shah	Chairman
Aruna Soman	Member
R L Shenoy	Member
Manoj Khullar	Member

NOMINATION & REMUNERATION COMMITTEE

Ajit Shah	Chairman
Aruna Soman	Member
R L Shenoy	Member

STAKEHOLDERS RELATIONSHIP COMMITTEE

Ajit Shah	Chairman
Aruna Soman	Member
Manoj Khullar	Member

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Ajit Shah	Chairman
Manoj Khullar	Member
Mohit Jalote	Member

C O N T E N T S

Notice	02
Directors' Report	12
Independent Auditors' Report	35
Balance Sheet	42
Statement of Profit & Loss	43
Cash Flow Statement	44
Statement of changes in Equity	45
Notes to Financial Statements	46

NOTICE

NOTICE is hereby given that the 33rd Annual General Meeting (“AGM”) of the Members of **Sunshield Chemicals Limited** will be held on **Tuesday, 29th September 2020** at 11.00 am through video conferencing (“VC”)/other Audio Visual Means (“OAVM”) 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 2020, the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. YockJeng Goh (DIN: 08084934), who retires by rotation and, being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

3. Appointment of Mr. Mohit Jalote as a Director

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

“RESOLVED THAT Mr. Mohit Jalote (DIN: 08428401), 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. Ratification of remuneration to Cost Auditor of the Company

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 ₹ 2,40,000/-

(Rupees Two Lakhs Forty 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, 2021, 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.”

5. Reappointment of Mr. Ajit Shah as an Independent Director

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 149 and 152 read with Schedule IV and any other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred as “Listing Regulations”) (including any statutory modification(s) or re-enactment thereof for the time being in force), and as recommended by the Board of Directors and the Nomination and Remuneration Committee of the Company, the approval of the Members of the Company be and is hereby accorded for re-appointment of Mr. Ajit Shah (DIN 02396765) whose current period of office is expiring on 19th October 2020 and who has submitted a declaration confirming the criteria of Independence under Section 149(6) of the Companies Act, 2013 read with the Listing Regulations, as amended from time to time, and who is eligible for re-appointment for a second term under the provisions of the Companies Act, 2013, and the Rules framed thereunder and Listing Regulations as an Independent Non-Executive Director of the Company, whose term shall not be subject to retirement by rotation, to hold office for 5 (five) consecutive years on the Board of the Company for a term w.e.f. 20th October 2020 upto 19th October 2025;



RESOLVED FURTHER THAT pursuant to Regulation 17(1A) of the SEBI Listing Regulations, consent of the Members of the Company be and is hereby accorded for continuance of office of Mr. Ajit Shah, aged about 74 years, as Independent Director of the Company after attainment of the age of 75 years during second term of five consecutive years effective from 20th October 2020 upto 19th October 2025;

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do and perform all such acts, deeds, matters or things as may be considered necessary, appropriate, expedient or desirable to give effect to above resolution.”

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

Mumbai,
29th June 2020

Amit Kumashi
Company Secretary

Registered office:

Equinox Business Park,
Tower-4, 9th Floor, Unit no 903,
LBS Marg, Kurla (W),
Mumbai 400070
CIN:L99999MH1986PLC041612

NOTES:

1. In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs (“MCA”) has vide its General Circular dated 5th May 2020 read with General Circulars dated 8th April 2020 and 13th April 2020 (collectively referred to as “MCA Circulars”) permitted the holding of the Annual General Meeting (“AGM”) through Video Conferencing (VC) or Other Audio Visual Means (OAVM), without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) (LODR) Regulations, 2015 and MCA Circulars, the AGM of the Company is being held through VC / OAVM.
2. A statement giving the relevant details of the Directors seeking appointment/re-appointment under item no. 2, 3 and 5 of the accompanying

Notice, as required under Regulation 26(4) and 36(3) of SEBI (LODR) Regulations, 2015 and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India is annexed herewith.

3. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
4. As per Regulation 40 of SEBI Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized form with effect from, April 1, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, Members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the Company or Company’s Registrars and Transfer Agents, TSR DARASHAW Consultants Private Limited (“TCPL”) for assistance in this regard.
5. To support the ‘Green Initiative’, Members who have not yet registered their email addresses are requested to register the same with their DPs in case the shares are held by them in electronic form and with TCPL in case the shares are held by them in physical form.
6. Members are requested to intimate changes, if any, pertaining to their name, postal address, email address, telephone/ mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account number, MICR code, IFSC code, etc., to their DPs in case the shares are held by them in electronic form and to TCPL in case the shares are held by them in physical form.
7. SEBI has mandated the submission of PAN by every participant in security market. Members holding shares in electronic form are, therefore requested

- to submit the PAN to their Depository Participant with whom they are maintaining their demat accounts. Members holding share in physical form can submit their PAN details to the Company.
8. Members holding shares in the single name and physical form are advised to make nomination in respect of their shareholding in the Company and those Members who hold shares singly in dematerialised form are advised to make a nomination through their Depository Participants. The nomination form can be obtained from TCPL.
 9. In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the AGM.
 10. Members are requested to participate on first come first serve basis, as participation through VC / OAVM is limited and will be closed on expiry of 15 minutes from the scheduled time of the AGM. However, the participation of members holding 2% or more is not restricted on first come first served basis. Members can login and join 15 (fifteen) minutes prior to the scheduled time of meeting and window for joining shall be kept open till the expiry of 15 (fifteen) minutes after the scheduled time of the start of the Meeting. Promoters, Institutional investors, Directors, Chairpersons of Nomination and Remuneration Committee, Audit Committee and Stakeholders Relationship Committee, auditors can attend the Thirty third AGM without any restrictions on first come first served basis.
 11. In compliance with the aforesaid MCA Circulars and SEBI Circular dated 12th May 2020, Notice of the AGM along with the Annual Report 2019-20 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. Members may note that the Notice and Annual Report 2019-20 will also be available on the Company's website www.solvayindia.in website of the Stock Exchange i.e. BSE Limited at www.bseindia.com and on the website of NSDL <https://www.evoting.nsdl.com>. No physical copies of the Annual Reports are being sent to the Members.
 12. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
 13. The relevant Statement pursuant to Section 102 of Companies Act, 2013 is annexed hereto.
 14. Relevant documents referred in the accompanying Notice and Director's Report will be available for electronic inspection without any fee by the members from the date of circulation of this Notice up to the date of AGM, i.e. 29th September 2020. Members seeking to inspect such documents can send an email to investors.sunshield@solvay.com
 15. At the thirty-second AGM held on 21st September 2019 the Members approved appointment of Deloitte Haskins & Sells LLP, Chartered Accountants (Firm registration number 117366W/W-100018) as Statutory Auditors of the Company to hold office for a period of five years from the conclusion of that AGM till the conclusion of the thirty-seventh AGM. The requirement to place the matter relating to appointment of auditors for ratification by Members at every AGM has been done away by the Companies (Amendment) Act, 2017 with effect from 7th May, 2018. Accordingly, no resolution is being proposed for ratification of appointment of statutory auditors at this AGM.
 16. Since the AGM will be held through VC / OAVM, the Route Map is not annexed in this Notice.
 17. Instructions for e-voting and joining the AGM are as follows:
 - A. **Voting through Electronic Means**
 - i. In compliance with the provisions of Section 108 of the Act, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended from time to time, and Regulation 44 of the SEBI Listing Regulations, 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 instructions for e-voting are given herein below.
 - ii. The remote e-voting period commences on **Friday, 25th September 2020 (9:00 a.m. IST) and ends on Monday, 28th September 2020 (5:00 p.m. IST)**. During this period, Members holding shares either in physical form or in dematerialized form, as on **Tuesday, 22nd September 2020 i.e. cut-off date**, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Those Members, who will be present in the

AGM through VC / OAVM facility and have not cast their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system during the AGM.

- iii. The Board of Directors has appointed Mr. Alwyn D'Souza, Practicing Company Secretary (Membership No. FCS 5559& CP No. 5137) as the Scrutinizer to scrutinize the voting during the AGM and remote e-voting process in a fair and transparent manner.
- iv. The Members who have cast their vote by remote e-voting prior to the AGM may also attend/ participate in the AGM through VC / OAVM but shall not be entitled to cast their vote again.
- 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 the cut-off date.
- vi. Any person, who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date, may obtain the login ID and password by sending a request at evoting@nsdl.co.in. However, if he/she is already registered with NSDL for remote e-voting then he/she can use his/her existing User ID and password for casting the vote.
- vii. The details of the process and manner for remote e-voting are explained herein below:

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.

Details on Step 1 is mentioned below:

How to Log-in to NSDL e-Voting website?

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 Members holding shares in Physical Form.	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'?
 - (i) 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 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, please follow steps mentioned below in process for those shareholders whose email ids are not registered.
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) **Physical User Reset Password?"** (If you are holding shares in physical mode) option 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.
 - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
8. Now, you will have to click on "Login" button.
9. After you click on the "Login" button, Home page of e-Voting will open.

Details on Step 2 are given below:

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 Sunshield Chemicals Limited 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

1. 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 by e-mail to scrutinizer.sunshield@gmail.com with a copy marked to evoting@nsdl.co.in.
2. 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.

- 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

In case of any grievances connected with facility for e-voting, please contact

Sr. no.	Name of Official	Contact no.	Email id
1	Ms. Pallavi Mhatre Manager, NSDL	1800-222-990	evoting@nsdl.co.in

- Members who need assistance before or during the AGM, can contact NSDL on evoting@nsdl.co.in / 1800-222-990 or can contact the following official:

Sr. no.	Name of Official	Contact no.	Email id
1	Mr. Amit Vishal, Senior Manager, NSDL	022- 24994360	evoting@nsdl.co.in

Process for those shareholders whose email ids are not registered with the depositories / Company for procuring user id and password and registration of e-mail ids for e-voting for the resolutions set out in this notice:

- Physical Holding - Send a request to the RTA of the Company, TCPL at csg-unit@tsrdarashaw.com along with following documents for registering email address:
 - Folio No.,
 - Name of shareholder,
 - scanned copy of the share certificate (front and back),
 - PAN (self-attested scanned copy of PAN card),
 - AADHAR (self-attested scanned copy of Aadhar Card)

OR

Register the e-mail id, Mobile no etc in the following link: <https://green.tsrdarashaw.com/green/events/login/ss>

- Demat Holding - Please contact your Depository Participant (DP) and register your email address and bank account details in your demat account, as per the process advised by your DP

B. INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

- Member will be able to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access the same at <https://www.evoting.nsdl.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVEN of Company will be displayed.

Members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush. Further members can also use the OTP based login for logging into the e-Voting system of NSDL.

- Facility of joining the AGM through VC / OAVM shall open 15 minutes before the time scheduled for the AGM and will be available for Members on first come first served basis.
- Members are encouraged to join the Meeting through Laptops for better experience. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.

Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

4. Members who would like to express their views or ask questions during the AGM may register themselves as speakers by sending their request from their registered email address mentioning their name, DP ID and Client ID/folio number, PAN, mobile number at investors.sunshield@solvay.com from 24th September 2020 (9:00 a.m. IST) to 26th September 2020 (5:00 p.m. IST). Those Members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM. Those of the Members seeking the replies or clarifications on the working of the Company can send their queries/ views to the Company Secretary before 7 days of the AGM. The company will send the replies to such Members to their Email address.
3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.
5. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, first count the votes cast during the AGM, thereafter unblock the votes cast through remote e-voting and make, not later than 48 hours of 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 authorised by him in writing, who shall countersign the same.
6. 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.

Other Instructions

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.



Annexure to Notice

Explanatory Statement under Section 102 of the Companies Act, 2013

Item No. 3

Mr. Mohit Jalote was appointed, based on the recommendation of the Nomination and Remuneration Committee by the Board of Directors as an Additional Director of the Company with effect from 18th February 2020 pursuant to Section 149 and 161 of the Companies Act, 2013 ("the Act") and rules made thereunder. Mr. Jalote holds office of Director upto the date of the forthcoming AGM of the Company.

The Company has received a notice in writing from a Member under Section 160 of the Act proposing the candidature of Mr. Jalote for the office of Director of the Company.

Mr. Jalote 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. Jalote is a Bachelor of Technology- Chemical Technology & Plastics from Harcourt Butler Technology Institute (HBTI), Kanpur. He has more than 23 years of experience in Manufacturing, Daily Management, Process Standardization, Capital Projects, Quality, Cost Reduction, Building Self-Managed Teams, Manufacturing Excellence, Developing People and Supply chain to create transformational and globally competitive operations.

Mr. Jalote holds directorship in Solvay Specialities India Private Limited.

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

The Board is of the opinion that the Company will be vastly benefited from the professional capabilities and varied experience of Mr. Jalote. The Board, therefore, recommends his appointment as a Director of the Company for approval of the Members.

Except Mr. Jalote, 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

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 2020-21.

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 Members of the Company.

Accordingly, consent of the Members is sought for ratifying the amount of remuneration of ₹ 2,40,000/- (Rupees Two Lakhs Forty Thousand only) plus applicable tax and reimbursement of out-of-pocket expenses at actuals payable to the Cost Auditors, for the year 2020-21 as set out at item no. 4 of the notice.

None of the Directors and Key Managerial Personnel of the Company and their relatives is, concerned or interested, financially or otherwise, in the resolution at item No.4.

The Board recommends the Ordinary Resolution set out at Item no. 4 of the Notice for approval of Members.

Item No. 5

As per the provisions of Sections 149 and 152 & Schedule IV of the Companies Act, 2013 read with the relevant Rules thereunder as amended, the Company had appointed Mr. Ajit Shah as an Independent Director at the 29th Annual General Meeting of the Company held on 30th August 2016 for a term of 5 years and his term ends 19th October 2020.

As Mr. Shah will be completing his first term of appointment on 19th October 2020, he is eligible for re-appointment for another term of five consecutive years subject to approval of the Members by Special Resolution. Mr. Shah has consented to his re-appointment and confirmed that he is not disqualified from being appointed as an Independent Director in terms of Section 164 of the Act. The Company has also received the declarations from the said Director stating that he meets all the criteria of Independence, as prescribed under Section 149(6) of the Act and under Regulation 16 (b) of SEBI (LODR) Regulations, 2015 and that he is not aware of any circumstance or situation which exists or may be reasonably anticipated that can impair or impact his ability to discharge his duties and also that he is not debarred from holding the office of director or continuing as a director of company by SEBI/MCA or any other authority in India or abroad.

As per Regulation 17(1A) of the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, (“Amendment Regulations, 2018”), inter alia, provides that no listed company shall appoint a person or continue the directorship of any person as a non-executive director who has attained the age of 75 (seventy five) years unless it is approved by the Members by way of passing a special resolution to that effect. Mr. Shah will attain the age of 75 years during the year 2021 and hence his continuation beyond 75 years will require the approval of Members by way of a special resolution

Members need to approve the appointment of Mr. Shah till 19th October 2025, even after attaining age of 75 years.

Based on the performance evaluation of the Independent Directors, the Nomination & Remuneration Committee and the Board of Directors of the Company at their Meetings held on 29th June 2020 have recommended the re-appointment of Mr. Shah as an Independent Director for a second term of five consecutive years effective from 20th October 2020. During his tenure of appointment, he shall not be liable to retire by rotation as provided under Section 152(6) of the Companies Act, 2013.

In the opinion of the Board, Mr. Shah fulfils the conditions for re-appointment as Independent Director and he is independent of the Management.

Brief resume of Mr. Shah, nature of his expertise in specific function areas and names of companies in which he holds directorship and memberships/

Chairmanships of the Board Committees, shareholding and relationships between directors inter-se as stipulated under SEBI (LODR) Regulations, 2015, is provided in the Annexure to this Notice, which is forming part of the Annual Report.

A copy of the draft letter for re-appointment of the Independent Director setting out the terms and conditions of his reappointment is available for electronic inspection without any fee by the members.

Except Mr Shah none of the Directors or Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the Resolution as set out in Item No. 5 of the Notice. The Board recommends the special resolution as set out in Item Nos. 5 of the Notice for approval of the Members.

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

Mumbai,
29th June 2020

**Amit Kumashi
Company Secretary**

Registered office:

Equinox Business Park,
Tower-4, 9th Floor, Unit no 903,
LBS Marg, Kurla (W),
Mumbai 400070
CIN:L99999MH1986PLC041612



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

Name	Yockjeng Goh	Mohit Jalote	Ajit Shah
Director Identification Number (DIN)	08084934	08428401	02396765
Date of Birth	22.05.1979	11.01.1973	11.10.1946
Nationality	Singaporean	Indian	Indian
Qualifications	Bachelor degree in Business Administration (BBA) from National University of Singapore	Bachelor of Technology- Chemical Technology & Plastics from Harcourt Butler Technology Institute (HBTI), Kanpur	Bachelor of Commerce, Fellow Member of Institute of Chartered Accountants of India
Experience/Expertise	Over 15 years of experience in the field of Finance. He is currently Regional Finance Director of Novocare business for Asia Pacific region.	23 years of experience in Manufacturing, Daily Management, Process Standardization, Capital Projects, Quality, Cost Reduction, Building Self-Managed Teams, Manufacturing Excellence, Developing People and Supply chain to create transformational and globally competitive operations.	An eminent Chartered Accountant in practice since 1971. He is a Senior Partner at M. A. Parikh & Co., a firm of Chartered Accountants at Mumbai. He has specialization in the fields of Audit and Assurance, transfer pricing, valuation and consultancy in the fields of finance and taxation.
Date of appointment on Board	28.05.2018	18.02.2020	20.10.2015
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	Reappointed as Independent Director not liable to retire by rotation
List of Directorships held in other Indian Companies	Nil	1. Solvay Specialities India Private Limited	1. Foseco India Limited 2. Haldyn Glass Limited 3. Ambrosian Well-Being & Engagement Resources Private Limited
Details of committee Memberships held in other Indian Companies	Nil	1. Solvay Specialities India Private Limited Corporate Social Responsibility Committee – Member	1. Foseco India Limited Audit Committee – Chairman Nomination and Remuneration Committee – Chairman Stakeholders Relationship Committee – Member Corporate Social Responsibility Committee - Member 2. Haldyn Glass Limited Audit Committee – Chairman
Shares held	Nil	Nil	Nil
Relationship between Directors inter se and other key managerial personnel of the company	Not related to any Board Member or KMP	Not related to any Board Member or KMP	Not related to any Board Member or KMP
Number of Board Meeting attended during the year	Two	Not Applicable	Three

DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to submit their 33rd Annual Report of the business operations together with the Audited Financial Statements of the Company for the year ended 31st March 2020:

1. OVERVIEW OF FINANCIAL RESULTS

(₹ In Lakhs)

	2019-2020	2018-2019
Sales	18087	18933
Other Operating Income	21	36
Revenue from Operations	18108	18969
Other Income	124	228
Total Income	18232	19197
Less: Materials Consumed	12124	13186
Employees Remuneration & Benefits	659	646
Manufacturing, Administrative, Selling & Other Expenses	3617	3513
Total Expenses	16400	17345
Operating Profit (EBITDA)	1832	1852
Less: Finance Cost	1000	1070
Profit Before Tax & Depreciation	832	782
Less: Depreciation	609	586
Net Profit Before Tax	223	196
Less: Exceptional Item	104	174
Net Profit Before Tax	119	22
Less: Tax Expense		
Current Tax Expense	14	-
Deferred Tax	41	-
Net Profit after Tax	64	22
Other Comprehensive Income		
Add: Remeasurements of post-employment benefit obligation	(13)	(4)
Income tax related to items that will not be reclassified to profit or loss	4	-
Total Comprehensive Income for the period	55	18

In the preparation of the financial accounts and the statements, the Company has followed the Indian Accounting Standards 2015, as amended.

2. DIVIDEND

In view of carried forward losses, the Board of Directors does not recommend any dividend for the year ended 31st March 2020.

3. SHARE CAPITAL

The Paid-up Equity Share Capital as on 31st March, 2020 was ₹ 7.35 Crores. During the year under review, the Company has not issued new shares.

4. MANAGEMENT'S DISCUSSION AND ANALYSIS: F.Y. 2019-2020

I. Industry Structure & Development:

The Chemical Industry is a key enabler for other industries. As chemicals are consumed in varying proportions 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 Metal Treatment, 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 Product Development, knowledge & experience. Solvay Group which represents this worldwide, in specialty chemicals supports the Sunshield team.

Company's main products belong to:

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

II. Operating and Financial Performance of the Company

(₹ In Lakhs)

	F.Y. 2019-2020	F.Y. 2018-2019	Change over Previous year
i) Exports	6201	7992	(22.4)%
ii) Domestic	11886	10941	8.64%
iii) Other Operating Income	21	36	(41.67)%
Revenue from Operation	18108	18969	(4.54)%
Other Income	124	228	(45.61)%
Total Income	18232	19197	(5.03)%

	F.Y. 2019-2020	F.Y. 2018-2019	Change over Previous year
Volume Sales (MT)	12088	12528	(3.51)%
Sales Value (₹)	18087	18933	(4.47)%
Average Product Price (₹ per kg)	150	151	(0.66)%

During the year, Sales by Volume went down by 3.51%, whereas the sales in Value terms went down by 4.47%.

Export Sales were down by 22.4% from ₹ 7,992 Lakhs to ₹ 6,201 Lakhs and domestic Sales went up by 8.64% from ₹ 10,941 Lakhs in 2018-19 to ₹ 11,886 Lakhs in 2019-20.

Major change was in the sales of Their where volume has gone down. Sale volume of Ethoxylates, Propoxylates based products had been increased by 14% and sale value increased by 22%. The improvement is mainly due to change in product mix and increase in the demand for products.

III. Outlook

The Company expects Financial Year 2020-21 to be a challenging year due to severe headwinds owing to COVID-19 impact on all sectors and consumer demand slowdown and trade war impacts.

The COVID-19 pandemic has caused widespread concern and economic hardship for consumers, businesses and communities across the globe. The Chemical Industry may potentially be hit hard by the COVID-19 outbreak on numerous fronts: lowered demand, operational and supply chain disruptions, potentially tightening credit markets and the health of workforce. Despite the downfall in demand and a steep decline in prices, the chemical industry is expected to respond positively and keep operations running.

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. We are in the midst of

rationalizing and aligning our products to those segments that has potential for growth, driven by growing end user industry. Technology & Innovation will play a major role in growth. Even though our company's product profile is part of essential chemicals, the demand for essentials largely depend on how Indian and Global economy opens up in the future pandemic scenario.

Factors like crude oil price, forex fluctuations, global demand & geopolitical situation, global trade wars and ability to develop new business will play an important part in the future of the Company.

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.

IV. Risks and Concerns

The Company has laid down a well-defined Risk Management Framework covering the risk, risk exposure, potential impact and risk mitigation process. 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 a continuous basis. These are discussed at Audit Committee and Board of Directors Meetings.

Major Risk arises from main raw material viz., Ethylene Oxide (EO). There is availability risk associated with EO which is currently and consistently available from only one manufacturer in the country. If there is an issue with the supply of EO, production of several products would be affected. To mitigate this risk, we keep an adequate inventory and

pipeline of EO. Besides some of the major raw materials are hazardous and inflammable, the Company has ensured that safety equipments and infrastructure are in place as per statutes and global safety standards.

Further, concerns are posed by severe space constraints within the plant battery limits. Due to shortage of space and layout limitations, we are not in a position to expand capacities and have to rely on product replacements. Although we have initiated various manufacturing excellence programs to mitigate these concerns, business growth potential is still limited by such concerns.

The Company is committed to protecting the environment, and ensuring the health and safety of its employees, customers, neighbors and public. Some of our major raw materials are hazardous and flammable and some safety risks are inherent in the manufacturing processes.

V. Internal Financials Controls and their 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 and such policies and procedures adopted are for ensuring the orderly and efficient conduct its business, including adherence to Company's policies, the safeguarding its assets, the prevention and detection of frauds and errors, accuracy and completeness of the accounting records, and timely preparation of reliable financial information.

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

VI. Key Financial Ratios

Key Ratios	2019-20	2018-19	Change %	Reasons for change
Debtors Turnover (No. of days)	57	51	11.76%	Due to lockdown, collection from Debtors was impacted, hence number of days has increased
Inventory Turnover (No. of days)	36	29	24.14%	Due to lockdown, sales was impacted, which has resulted in increase in inventory
Interest Coverage Ratio	1.12	1.02	9.80%	Due to increase in profit and slight reduction in finance cost for the year
Current Ratio	0.86	0.61	40.98%	Due to decrease in current liability and reduction in borrowing
Debt Equity Ratio	9.35	10.20	(8.33)%	Due to increase in Net worth and decrease in borrowings
Operating Profit Margin (%)	9.56%	8.87%	7.78%	Reduction in cost of Raw Material resulted in better margins
Net Profit Margin (%)	0.66%	0.12%	450%	Due to better selling price and lower Raw Material cost
Return on Net Worth (%)	5.44%	1.97%	176%	Due to increase in profit

VII. Human Resources

The Company implemented 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 roll as on 31st March 2020 was 71.

(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.)

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

Implementation of Voluntary Retirement Scheme

In view of the very challenging business environment faced by the Company in the backdrop of the tough competition from several players in the industry, the Company has taken several cost optimization and process improvement initiatives in order to improve the efficiency in this challenging business environment. During

the year under review, the Company continued with Voluntary Retirement Scheme (VRS) for the employees of the Plant located at Rasal. The total outgo for VRS was ₹ 104 Lakhs.

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 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.	Manoj Khullar	Managing Director
5.	Mohit Jalote	Non-Executive Director
6.	Lim Kim Swee	Non-Executive Director
7.	Boon Tong Koh	Non-Executive Director
8.	YockJeng Goh	Non-Executive Director

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.

None of the Directors on the Board is a Director in more than 10 public companies or is a member in more than 10 Committees or Chairperson of more than 5 Committees.

The Board of Directors of the Company bring to the fore a vast range of skills and experience from various fields, functions and sectors, which enhance the governance framework and Board's decision making process.

Following are the core skills, expertise and competencies that are identified and available within the Board of the Company for effective functioning:

- Strategic expertise: Ability to understand, review and suggest appropriate strategies;
- Experience: Leadership experience in managing people and achieving change;
- Industry: Knowledge of organic & Inorganic chemical Industry, manufacturing, marketing, finance, banking, HR, legal & public affairs in which the Company operates;
- Technical: Technical/professional skills to assist with ongoing aspects of the Company's Board's role;
- Legal & Governance: Knowledge and understanding of legal & regulatory landscape in which Company operates
- Personal attributes: Willingness and ability to devote adequate time and energy to fulfill Board and Committee responsibilities, strategic thinking, integrity with high ethical standards, trust, accountability and avoid situations leading to conflict of interest.

7. DIRECTORS & KEY MANAGERIAL PERSONNEL

Appointment:

1. Mr. Mohit Jalote was appointed as an additional director of the Company based on the recommendation of Nomination and Remuneration Committee, with effect from 18th February 2020. He holds office upto the conclusion of the ensuing Annual General Meeting (AGM).
2. Mr. Ajit Shah was appointed as an Independent Directors in the 29th AGM of the Company held on 30th August 2016 for a term of 5 years and his term ends on 19th October 2020. Mr. Shah is eligible for re-appointment for another term

of five consecutive years subject to approval of the Members by Special Resolution. Mr. Shah has consented to his re-appointment and confirmed that he is not disqualified from being appointed as an Independent Director in terms of Section 164 of the Companies Act, 2013.

Based on the performance evaluation of the Independent Directors, the Nomination & Remuneration Committee and the Board of Directors of the Company at their Meetings held on 29th June 2020 have recommended the re-appointment of Mr. Ajit Shah as an Independent Director for a second term of five consecutive years effective from 20th October 2020. During his tenure of appointment, he shall not be liable to retire by rotation as provided under Section 152(6) of the Companies Act, 2013.

Retirement by Rotation:

In accordance with the provisions of Section 152(6) of the Companies Act, 2013 and Articles of Association of the Company Mr. YockJeng Goh (DIN 08084934) will retire by rotation at the ensuing AGM of the Company and being eligible, offer himself for reappointment. The Board recommends his reappointment.

Cessation:

1. Mr. Srivatsa M K, the Executive Director of the Company, resigned from the office of the Director with effect from 17th February 2020. Your Directors place on record their sincere appreciation of the valuable contribution made by him during his tenure as Director of the Company.

None of the Directors is disqualified from being appointed as Director as specified in Section 164(2) of the Companies Act, 2013. Note on the background of the Director(s) proposed for appointment / re-appointment is given as annexure to the Notice, which forms part of this Annual Report.

Pursuant to Sections 2 (51) and 203 of the Companies Act 2013, the Board has proposed Mr. Manoj Khullar, Managing Director, Mr. Sandeep Kulkarni, Chief Financial Officer and Mr. Amit Kumashi Company Secretary of the Company as Key Managerial Personnel of the Company.

8. DECLARATION FROM INDEPENDENT DIRECTORS

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).

9. 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 2019-20 i.e on 27th May 2019, 12th August 2019, 13th November 2019 and 13th February 2020.

10. BOARD COMMITTEES

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

- **Audit Committee**

Audit Committee includes Four Directors viz., Mr. Ajit Shah (Chairman/Independent Director), Mrs. Aruna Soman (Independent Director), Mr. Ranjal Laxmana Shenoy (Independent Director) and Mr. Manoj Khullar (Managing Director).

The role and the terms of reference of the Audit Committee include 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 27th May 2019, 12th August 2019, 13th November 2019 and 13th February 2020.

- **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. Mr. Ajit Shah is chairman of the Committee.

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; 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, and determining whether to extend or continue the term of appointment of the independent directors, on the basis of the report of performance evaluation of independent directors.

Nomination and Remuneration Committee met 2 times on 27th May 2019 and 13th February 2020.

- **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.

Stakeholders Relationship committee met 13th November 2019.

- **Corporate Social Responsibility (CSR) Committee**

The Board has constituted Corporate Social Responsibility Committee comprising of Mr. Ajit Shah (Independent Director), Mr. Srivatsa M.K. (Director) (upto 17th February 2020), Mr. Mohit Jalote (effective from 18th February 2020) 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 absence of the average net profits in the last three years.

- **Risk Management Committee**

The Board, though not mandatory, has constituted Risk Management Committee comprising of Mr. Manoj Khullar (Managing Director), Mr. Srivatsa M.K. (Director) (upto 17th February 2020), Mr. Mohit Jalote (effective from 18th February 2020) and Mr. Shekhar Pattekar (Manager-Factory). The Committee meets regularly for discussing Risk Management framework in the Company.

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 and framing,

implementing, reviewing and monitoring the risk management plan and cyber security risk for the Company.

- **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. Manoj Khullar (Managing Director), Mr. Srivatsa M.K. (Director) (upto 17th February 2020), and Mr. Mohit Jalote (from 18th February 2020).

11. 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 at their meeting held on 29th June 2020 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. No meeting of the Independent Directors could be held before 31st March on account of the restrictions imposed by the Government on movement and social distancing on account of the prevailing Covid 19 pandemic.

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.

12. 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.

13. RISK MANAGEMENT POLICY

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.

14. VIGIL MECHANISM/WHISTLE BLOWER POLICY

The Company has established a vigil mechanism named as Whistle Blower Policy within the Company in compliance with the provisions of Companies Act, 2013 and Listing Regulations.

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>. There have been no instances of denying any personnel seeking access to the Audit Committee.

15. 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.

16. CORPORATE GOVERNANCE REPORT

As per 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 ₹ 10 crores and net worth is less than ₹ 25 crores.

17. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(3)(c) of the Act, the Directors of your Company, to the best of their knowledge and based on the information and explanations received from the Company confirm that:

- (a) in the preparation of the annual financial statement for the financial year ended March 31, 2020, the applicable accounting standards have been followed and there are no material departures from the same;
- (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 your Company as at March 31, 2020 and of the profit of your Company for the said period;
- (c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the annual accounts have been prepared on a 'going concern' basis;
- (e) proper internal financial controls to be followed by the Company were laid down and such internal financial controls are adequate and were operating effectively and;
- (f) proper systems to ensure compliance with the provisions of all applicable laws were devised and as certified by the internal auditors such systems were adequate and operating effectively.

18. 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 Company has zero tolerance on Sexual Harassment at workplace.

In compliance with the provisions of Companies Accounts Rules, 2014, as amended, the internal committee is set up to redress complaints received

regarding sexual harassment. All employees are covered under this Policy. All employees (permanent, contractual, temporary, trainees and other stakeholders) are covered under this policy. The following is the summary of sexual harassment complaints received and disposed off during the Financial Year 2019-20:

Number of Complaints of sexual harassment received during the period April 2019 to March 2020	Number of complaints disposed off during the period April 2019 to March 2020	Nature of action taken by the employer
NIL	Not applicable	Not applicable

19. SECRETARIAL STANDARDS

The Company complies with applicable Secretarial Standards issued by The Institute of Company Secretaries of India and approved by the Central Government under Section 118(10) of the Companies Act, 2013 for the financial year ended 31st March 2020.

20. FRAUD REPORTING BY AUDITORS

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

21. AUDITORS

Statutory Auditors

The Statutory Auditors, Deloitte Haskins & Sells LLP, Chartered Accountants, holds office till end of thirty-seventh Annual General Meeting.

The proposed remuneration to be paid to Deloitte Haskins & Sells LLP, Chartered Accountants for the financial year 2020-21 is ₹ 20 Lakhs (Rupees Twenty Lakhs) plus out of Pocket expenses at actuals.

The remuneration payable to the Statutory Auditor shall be approved by the Board of Directors based on the recommendation of the Audit Committee.

There are no qualifications, reservation, adverse remark or disclaimer made in the audit report for the Financial Year 2019-20.

Cost Auditors

As per Section 148 of the Act read with the Companies (Cost Records and Audit) Rules, 2014, the Company is required to prepare, maintain as

well as have the audit of its cost records conducted by a Cost Accountant and accordingly it has made and maintained such cost accounts and records. The Board on the recommendation of the Audit Committee has appointed M/s. Kishore Bhatia & Associates, Cost Accountants (Firm Registration No. 000294) as the Cost Auditors of the Company for FY 2020-21 under Section 148 and all other applicable provisions of the Act.

M/s. Kishore Bhatia & Associates, have confirmed that they are free from disqualification specified under Section 141(3) and proviso to Section 148(3) read with Section 141(4) of the Act and that the appointment meets the requirements of Section 141(3)(g) of the Act. They have further confirmed their independent status and an arm's length relationship with the Company.

The remuneration payable to the Cost Auditors is required to be placed before the Members in a General Meeting for their ratification. Accordingly, a resolution for seeking Members' ratification for the remuneration payable to M/s. Kishore Bhatia & Associates is included at Item No. 4 of the Notice convening the AGM.

The Cost Audit Report for the Financial Year ended 31st March 2019 was filed with the Ministry of Corporate Affairs on 4th September 2019 within the stipulated time mandated in the Companies (Cost Records & Audit) Rules, 2014, as amended.

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 A. There are no qualifications, reservations or adverse remarks or disclaimers made by the Secretarial Auditors in their report.

Internal Auditors

M/s. Nikhil Narkar & Associates, Chartered Accountants have conducted internal audits periodically and submitted their reports to the Audit Committee. Their Reports have been reviewed by the Audit Committee from time to time.



22. PROHIBITION OF INSIDER TRADING

In compliance with the provisions of SEBI (Prohibition of Insider Trading Regulations) 2015, as amended from time to time, to preserve the confidentiality and prevent misuse of unpublished price sensitive information (UPSI)/Leak of UPSI, the Company has adopted a Code of Conduct for Insider Trading for prohibition of Insider trading which was revised and approved by Board, for Promoters, Member of Promoter group, directors, Designated Person/ Employees, their immediate relatives, designated persons of associate Company and substantial shareholders in the listed Companies. This policy also provides for periodical disclosures from the designated person as well as pre-clearances of transactions by such persons.

23. EXTRACT OF ANNUAL RETURN

The extract of annual return in Form MGT-9 as required under Section 92(3) of the Companies Act, 2013 and Rule 12 of the Companies (Management and Administration) Rules, 2014 is appended as an Annexure B to this Annual Report and also available on the website of the Company at <http://www.solvayindia.in/>

24. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

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

25. RELATED PARTY TRANSACTIONS

All Related Party Transactions (RPT) entered into by the Company during the year under review were at arms' length basis and were in the ordinary course of business. There were no materially significant RPT with Parent Company and its subsidiaries, Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict of interest with the Company.

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 an anticipated and of repetitive nature. Since there are no material RPT and also all the transactions with related parties are at arm's length and in the ordinary course of business, no transactions are required to be reported in Form

AOC-2. Note No. 37 in the notes to financial statements provides the details of all the related party transactions.

The Board of Directors of the Company have re-framed policy on materiality to regulate transactions between the Company and its related parties, in compliance with the applicable provisions of the Act, and Regulation 23 of the Listing Regulations, as amended. The Policy as approved by the Board is uploaded and can be viewed on the Company's website <https://www.solvayindia.in/en/solvay-in/Sunshield-Policies.html>

The Non-Executive Directors have no pecuniary relationship or transaction with the Company other than sitting fees paid to them.

26. DEPOSITS

There are no deposits outstanding as on 31st March, 2020 and that Company has not accepted any deposits from public/members under Section 73 of the Act, read with Companies (Acceptance of Deposits) Rules, 2014 during the year.

27. SUBSIDIARY, ASSOCIATES AND JOINT VENTURES

The Company does not have any subsidiary or associates or joint ventures as on the date of this report.

28. TRANSFER OF SHARE TO IEPF DEMAT ACCOUNT

Since the Company has not declared dividend in the last preceding seven financial years, 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.

29. 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 C.

The information required pursuant to Section 197 of the Companies Act, 2013 read with Rule 5(2) & (3) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, in respect of employees of your company

is available for inspection by the members at registered office of the company during business hour on working days up to the date of the ensuing AGM. If any member is interested in obtaining a copy thereof, such member may write to the Company Secretary whereupon a copy would be sent. There were no employees who were drawing remuneration exceeding ₹ 1.02 Crores per annum.

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

Information as required by Section 134(3) (m) of the Act, relating to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings & Outgo, is given in Annexure D to this Report.

31. 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.

32. APPRECIATION

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

The accompanying Annexures A to D form an integral part of this Director Report.

For and On Behalf of the Board of Directors

Mumbai,
29th June 2020

R L Shenoy
Chairman
DIN 00074761



ANNEXURE A TO THE DIRECTORS' REPORT

FORM NO. MR-3 SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2020

[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, 2020** 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, 2020 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, 2018 — **Not Applicable**;
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 — **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, 2016 — **Not Applicable**;
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 — **Not Applicable**;
 - (i) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013 — **Not Applicable**;
 - (j) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018.

(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) 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 and there are no material non-compliances that have come to our knowledge.

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 Director. 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.

Note: This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

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 following 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:

1. The Company has obtained approval of the members under section 180(1)(c) of the Companies Act, 2013 by way of Special resolution for borrowing up to ₹ 200 Crores over and above the aggregate of the paid up share capital and free reserves of the Company.

Alwyn D'Souza & Co.
Company Secretaries

Alwyn D'Souza, FCS. 5559
Proprietor
Certificate of Practice No. 5137
UDIN: F005559B000433558

Place : Mumbai

Date : 29th June, 2020

Office Address :

Annex-103, Dimple Arcade,
Asha Nagar, Kandivali (East),
Mumbai-400 101.



Annexure A

To
The Members,
Sunshield Chemicals Limited

Secretarial Audit Report of even date is to be read along with this letter.

1. The compliance of provisions of all laws, rules, regulations, standards applicable to **Sunshield Chemicals Limited** (hereinafter called 'the Company') is the responsibility of the management of the Company. Our examination was limited to the verification of records and procedures on test check basis for the purpose of issue of the Secretarial Audit Report.
2. Maintenance of secretarial and other records of applicable laws is the responsibility of the management of the Company. Our responsibility is to issue Secretarial Audit Report, based on the audit of the relevant records maintained and furnished to us by the Company, along with explanations where so required.
3. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial and other legal records, legal compliance mechanism and corporate conduct. Further part of the verification was done on the basis of electronic data provided to us by the Company due to COVID-19 lockdown and on test check basis to ensure that correct facts as reflected in secretarial and other records produced to us. We believe that the processes and practices we followed, provides a reasonable basis for our opinion for the purpose of issue of the Secretarial Audit Report.
4. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
5. Wherever required, we have obtained the management representation about list of applicable laws, compliance of laws, rules and regulations and major events during the audit period.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Alwyn D'Souza & Co.
Company Secretaries

Alwyn D'Souza, FCS. 5559
Proprietor
Certificate of Practice No. 5137
UDIN: F005559B000433558

Place : Mumbai
Date : 29th June, 2020
Office Address :
Annex-103, Dimple Arcade,
Asha Nagar, Kandivali (East),
Mumbai-400 101.

ANNEXURE B TO THE DIRECTORS' REPORT

EXTRACT OF ANNUAL RETURN

as on the financial year ended 31.03.2020

[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	Equinox Business Park, Tower-4, 9 th Floor, unit no. 903, LBS Marg, Kurla (West), Mumbai-400 080. Tel: 022-6663 7100 Fax: 022-2495 2834 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 Consultants Private Limited 6-10, Haji Moosa Patrawala Industrial Estate, 20, Dr. E. Moses Road, Mahalaxmi, Mumbai-400 011. Tel: 022-6656 8484 Fax: 022-6656 8494 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	46%
SUN THEIC	20119	22%
ANTIOXIDANT	20119	26%
MISCELLANEOUS	20119	6%

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 Pte Ltd. 10 Collyer Quay, #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 – 01.04.2019				No. of shares held at the end of the year – 31.03.2020				% 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.	—	—	—	—	—	—	—	—	—
d) Bodies Corp.	—	—	—	—	—	—	—	—	—
e) Banks / FI	—	—	—	—	—	—	—	—	—
f) Any other	—	—	—	—	—	—	—	—	—
Sub-Total (1A)	—	—	—	—	—	—	—	—	—
2. Foreign									
a) NRIs – Individuals	—	—	—	—	—	—	—	—	—
b) Other Individuals	—	—	—	—	—	—	—	—	—
c) 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) FIs	—	—	—	—	—	—	—	—	—
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	81,396	22,000	1,03,396	1.41	1,07,619	1,800	1,09,419	1.49	0.08
ii) Overseas	—	—	—	—	—	—	—	—	—
b) Individuals									
i) Shareholders holding nominal share capital upto ₹ 1 Lac	14,91,946	1,40,305	16,32,251	22.20	14,87,704	1,27,915	16,15,619	21.97	-0.23
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lac	6,52,628	—	6,52,628	8.88	7,70,157	—	7,70,157	10.47	1.60
c) Others									
i) Clearing Members	1,45,358	—	1,45,358	1.98	5,732	—	5,732	0.08	-1.90
ii) Limited Liability Partnership	7,979	—	7,979	0.11	7,577	—	7,577	0.10	-0.01
iii) Non-Residents (NRI)	26,294	—	26,294	0.36	26,962	7,400	34,362	0.47	0.11
iv) HUF	1,99,061	—	1,99,061	2.71	2,24,098	—	2,24,098	3.05	0.34
Sub-total (B2)	26,04,659	1,62,305	27,66,964	37.63	26,29,849	1,37,115	27,66,964	37.63	0.00
Total Public Shareholding (B)=(B1)+(B2)	26,04,659	1,63,205	27,67,864	37.64	26,29,849	1,38,015	27,67,864	37.64	0.00
C. Shares held by Custodian for GDRs & ADRs	—	—	—	—	—	—	—	—	—
Grand Total (A)+(B)+(C)	71,89,855	1,63,205	73,53,060	100	72,15,045	1,38,015	73,53,060	100	0.00

ii) Shareholding of Promoters

Shareholder's Name	Shareholding at the beginning of the year – 01.04.2019			Shareholding at the end of the year – 31.03.2020			% 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 Chemicals 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 – 01.04.2019		Cumulative Shareholding during the year – 31.03.2020	
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
At the beginning of the year-	No change during the year			
Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment/transfer/bonus/equity etc.)	No change during the year			
At the end of the year	No change during 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 – 01.04.2019		Shareholding at the end of the year – 31.03.2020		
			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		1,71,899	2.34	1,71,899	2.34	
b)	Changes during the year		No Change during the year				
c)	At the end of the year				1,71,899	2.34	
2. Dipak Kanayalal Shah							
a)	At the beginning of the year		1,60,500	2.18	1,60,500	2.18	
b)	Changes during the year	Date	Reason				
		12-07-2019	Purchase	2,000	0.03	1,62,500	2.21
		02-08-2019	Purchase	500	0.01	1,63,000	2.22
		06-09-2019	Purchase	100	0.00	1,63,100	2.22
		22-11-2019	Purchase	2,000	0.03	1,65,100	2.25
		27-12-2019	Purchase	900	0.01	1,66,000	2.26
		20-03-2020	Purchase	1,000	0.01	1,67,000	2.27
c)	At the end of the year				1,67,000	2.27	

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

For Each of the Top 10 Shareholders			Shareholding at the beginning of the year – 01.04.2019		Shareholding at the end of the year – 31.03.2020		
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company	
3. Lincoln P Coelho							
a)	At the beginning of the year		80,000	1.09	80,000	1.09	
b)	Changes during the year		No Change during the year				
c)	At the end of the year				80,000	1.09	
4. Jigney Bhachech							
a)	At the beginning of the year		56,850	0.77	56,850	0.77	
b)	Changes during the year		No Change during the year				
c)	At the end of the year				56,850	0.77	
5. Kamlesh N Shah							
a)	At the beginning of the year		0	0.00	0	0.00	
b)	Changes during the year	Date	Reason				
		14-06-2019	Purchase	55,240	0.75	55,240	0.75
		20-09-2019	Sale	-55,240	-0.75	0	0
		20-09-2019	Purchase	55,240	0.75	55,240	0.75
		31-12-2019	Sale	-55,000	-0.75	240	0.00
		14-02-2020	Purchase	55,000	0.75	55,240	0.75
c)	At the end of the year				55,240	0.75	
6. Neepta K Shah							
a)	At the beginning of the year		0	0.00	0	0.00	
b)	Changes during the year	Date	Reason				
		14-06-2019	Purchase	47,754	0.65	47,754	0.65
		30-08-2019	Sale	-47,754	0.65	0	0
		30-08-2019	Purchase	47,754	0.65	47,754	0.65
		06-12-2019	Sale	-449	-0.00	47,305	0.65
		31-12-2019	Sale	-45,000	-0.61	2,305	0.03
		03-01-2020	Sale	-1,441	-0.02	864	0.01
		24-01-2020	Purchase	4,000	0.05	4,864	0.06
		14-02-2020	Purchase	40,000	0.54	44,864	0.61
c)	At the end of the year				44,864	0.61	
7. Mc Jain Infoservices Private Limited							
a)	At the beginning of the year		44,084	0.60	44,084	0.60	
b)	Changes during the year		No Change during the year				
c)	At the end of the year				44,084	0.60	
8. 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	

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

For Each of the Top 10 Shareholders			Shareholding at the beginning of the year – 01.04.2019		Shareholding at the end of the year – 31.03.2020	
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
9. Rahul Dhanraj Maheshwari						
a) At the beginning of the year			9,112	0.12	9,112	0.12
	Date	Reason				
b) Changes during the year						
	31-05-2019	Purchase	9,740	0.13	18,852	0.26
	09-08-2019	Purchase	10,000	0.14	28,852	0.36
	08-11-2019	Sale	-715	-0.01	28,137	0.38
	15-11-2019	Sale	-264	-0.00	27,873	0.38
	07-02-2020	Purchase	1,500	0.02	29,373	0.40
	27-03-2020	Purchase	1000	0.01	30,373	0.41
c) At the end of the year					30,373	0.41
10. Aspi Bamanshaw Bhesania						
a) At the beginning of the year			15,428	0.21	15,428	0.21
	Date	Reason				
b) Changes during the year						
	06.03.2020	Sale	-2,200	-0.03	13,228	0.18
	06.03.2020	Purchase	2,200	0.03	15,428	0.21
	06.03.2020	Purchase	9,609	0.13	25,037	0.34
c) At the end of the year					25,037	0.34

v) Shareholding of Directors and Key Managerial Personnel

For Each of the Directors and KMP	Shareholding at the beginning of the year – 01.04.2019		Cumulative Shareholding during the year – 31.03.2020	
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
Mr. Sandeep Kulkarni – Chief Financial officer				
At the beginning of the year	5	0.00	—	—
Changes during the year	0	0.00	—	—
At the end of the year	—	—	5	0.00
Mr. Amit Kumashi – Company Secretary				
At the beginning of the year	—	—	—	—
Changes during the year (Purchase 30-08-2019)	2	0.00	—	—
At the end of the year	—	—	2	0.00

Note:

None of the other Key Managerial Personnel holds any shares in the Company as on 31st March 2020.



5. Indebtedness

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

₹ in Lakhs

	Security Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	1,701.00	9,547.46	—	11,248.57
ii) Interest due but not paid	—	—	—	—
iii) Interest accrued but not due	—	74.84	—	74.84
Total (i+ii+iii)	1,701.00	9,622.30	—	11,323.40
Change in indebtedness during the financial year				
Addition	4,744.79	4,585.68	—	9,330.47
Reduction	511.30	4,622.30	—	5,133.60
Net Change	5,256.09	(36.62)	—	4,196.87
Indebtedness at the end of the financial year				
i) Principal Amount	5,934.59	5,000.00	—	10,934.59
ii) Interest due but not paid	—	—	—	—
iii) Interest accrued but not due	—	38.22	—	38.22
Total (i+ii+iii)	5,934.59	5,038.22	—	10,972.81

6. Remuneration of Directors and Key Managerial Personnel

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

₹ in Lakhs

Sl. No.	Particulars of Remuneration	Mr. Manoj Khullar Managing Director	Mr. Srivatsa M K Director*	Total Amount
1.	Gross Salary			
	a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	0.12	28.11	28.23
	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
3.	Sweat Equity	Nil	Nil	Nil
4.	Commission As % of profit	Nil	Nil	Nil
5.	Others, please specify	Nil	Nil	Nil
	Total (A)	0.12	28.11	28.23

* Mr. Srivatsa M K ceased to be Director with effect from 17th February 2020

B. Remuneration to other Directors:

1. Independent Director

₹ in Lakhs

Particulars of Remuneration	Name of Directors			Total Amount
	Mr. R L Shenoy	Mr. Ajit Shah	Mrs. Aruna Soman	
Fee for attending Board/Committee meetings	4.00	3.60	2.80	10.40
Commission	Nil	Nil	Nil	Nil
Others, please specify	Nil	Nil	Nil	Nil
				Total (B)
				10.40

Note:

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

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

₹ in Lakhs

Particulars of Remuneration	Key Managerial Personnel		
	Amit Kumashi Company Secretary	Sandeep Kulkarni (CFO)	Total
Gross Salary			
a) salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	17.70	22.42	40.12
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	17.70	22.42	40.12

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 C to the Directors' Report

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 2019-20, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2018-19 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 2019-20
1	Mr. R L Shenoy Non-Executive Independent Director	0.72	-3.2
2	Mrs. Aruna Soman Non-Executive Independent Director	0.50	-6.72
3	Mr. Ajit Shah Non-Executive Independent Director	0.64	-7.2
4	Mr. Manoj Khullar Managing Director	0.02	Nil
5	Mr. Srivatsa M K * Executive Director	4.74	9.6

* Mr. Srivatsa M K ceased to be a Director with effect from 17th February 2020.

Other Non-executive Directors 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% and 20% respectively.

- ii. The median remuneration of employees of the Company during the financial year was ₹ 5.59 Lakhs per annum.
- iii. In the financial year, there was an average increase of 6.8% in the median remuneration of employees.
- iv. 71 persons were on the rolls of Company as on 31st March 2020.
- 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 6.8% 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.

For and on behalf of the Board of Directors

R L Shenoy
Chairman
DIN 00074761

Mumbai, 29th June 2020

Annexure D 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. During procurement of new reactors for antioxidant plant, with the efficient agitator impeller design we could able to reduce motor rating by 7KW compare to old reactors. Energy Saving – 160 kwh/day.
2. IE2 electrical motors and LED lights are procured for all the executed projects at site.

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

- | | | |
|--|---|--|
| a) Technology imported | } | Not Applicable as no Imported technology is put to use |
| b) Year of Import | | |
| c) Has the technology been fully absorbed? | | |
| d) If not fully absorbed, areas where this has not taken place, reason there of, and future plans of action. | | |

4. Expenditure on R & D: (in ₹)

- | | | |
|--|---|-----|
| 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:

(₹ in Lakhs)

	2019-20	2018-19
i) Total foreign exchange used	5774	6110
ii) Total foreign exchange earned	6201	7992

For and on behalf of the Board of Directors

R L Shenoy
Chairman
DIN 00074761

Mumbai, 29th June 2020



INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of Sunshield Chemicals Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2020, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matter described below to be the key audit matter to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1	<p>Revenue recognition on sale of products (Notes 2.2 and 25 to the Financial Statements)</p> <p>There is a risk that revenue from sale of products is overstated because of the pressure the management may have to improve the revenue number since the focus of internal reporting as well as of external stakeholders is on revenue. Also, Revenue recorded in the books of account is a significant audit risk and is a key profit driver and therefore any misstatement would also have a material impact on the results for the year.</p>	<p>Principal audit procedures performed:</p> <p>Assessed the appropriateness of the Company's revenue recognition policies by mapping them with the applicable accounting standards.</p> <p>Performed a walkthrough of the revenue business cycle to gain an understanding of the relevant risks and controls around occurrence and timing of revenue recognition. We also tested the design, implementation and operating effectiveness of the relevant controls.</p> <p>Tested transactions on a sample basis by, agreeing sales with the invoices, purchase orders and delivery documents, comparing the invoice prices to the Company price lists, agreeing the revenue amount recorded by management to underlying accounting records. We also reviewed the contracts / purchase orders, as applicable, to assess the terms of sale and confirmed that the sales were recorded properly.</p>

Sunshield Chemicals Limited

Sr. No.	Key Audit Matter	Auditor's Response
		<p>We sought confirmations from customers on a test check basis and checked realisation / performed other alternate procedures, where applicable, to support the assertion that revenue has been recognised for sales that have occurred during the year.</p> <p>We made enquiries of the management and obtained written representations as to whether there exist any side agreements or unusual arrangements which may impact revenue recognition.</p> <p>We also reviewed variations in revenue over the corresponding period and tested any unusual transactions to determine whether the information corroborates with the revenue recorded in the books of account</p>

Information Other than the Financial Statements and Auditor's Report Thereon

- The Company's Board of Directors is responsible for the other information. The other information comprises the Director's Report including Annexures to Director's report, but does not include the financial statements and our auditor's report thereon.
- Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon
- In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these 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 Ind AS 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 financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:



- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

Due to the COVID-19 related lockdown restrictions, management was unable to perform planned year end physical verification of inventories at factory and its warehouse. The verification at the factory and its warehouse was carried out subsequent to the year end. We were unable to observe the Management's physical verification of inventory at its Factory and warehouse amounting to Rs. 2,597 lakhs. We have performed alternate procedures to audit the existence of inventory as per the guidance provided in SA 501 "Audit Evidence - Specific Considerations for Selected Items" and subsequent communication received of the Institute of Chartered accountants of India (ICAI), which includes issuing written communication to independent firm of chartered accountants for audit procedures to be performed for physical verification of inventories carried out by the Management at the factory and its warehouse subsequent to year-end, roll back procedures (by inspecting sample documentation relating to subsequent sales supported by acknowledged lorry receipts, purchases, stock transfers, production records, as applicable) from the inventory quantities physically verified by the Management subsequent to the year end to arrive at the quantities at the balance sheet date, comparing such quantities at the balance sheet date based on such roll back with

the quantities as per the inventory records and obtained explanations for differences, if any, and have obtained sufficient appropriate audit evidence to issue our unmodified opinion on these Financial Statements. Our report is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit 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 Statement of Cash Flows 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 financial statements comply with the Ind AS specified under Section 133 of the Act.
 - e) On the basis of the written representations received from the directors as on 31 March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 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 the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
 - h) 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 financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses..
 - 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)
(UDIN: 20102042AAAABE2862)

Place: Mumbai
Date: 29 June 2020



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 31 March 2020 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 (“ICAI”) 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 we have obtained 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 the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are

subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of 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 31 March 2020, 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 issued by the ICAI.

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

**Rakesh Sharma
(Partner)
(Membership No. 102042)
(UDIN: 20102042AAAABE2862)**

Place: Mumbai
Date: 29 June 2020

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 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 land and buildings which are freehold, are held in the name of the Company as at the balance sheet date.
- (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 Companies Act, 2013.
- (iv) The Company has not granted any loans, made investments or provided guarantees and hence reporting under clause (iv) of the CARO 2016 is not applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year. The Company does not have unclaimed deposits as at 31 March 2020 and accordingly, the provisions of sections 73 to 76 or any other relevant provisions of the Act are not applicable to the Company.
- (vi) The maintenance of cost records has been specified 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, as amended. prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, 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, Goods and Service Tax, Customs Duty, cess and other material statutory dues applicable to it with the appropriate authorities.



- (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Goods and Service Tax, Customs Duty, cess and other material statutory dues in arrears as at March 31, 2020 for a period of more than six months from the date they became payable.
- (c) Details of dues of Sales Tax which have not been deposited as on March 31, 2020 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)
Central Sales Tax Act, 1956	Sales Tax including interest and penalty	Joint Commissioner of Sales Tax (Appeals)	2006-2007	431.94	3.56
Central Sales Tax Act, 1956	Sales Tax	Maharashtra Sales Tax Tribunal	2007-2008	9.88	7.94
Central Sales Tax Act, 1956	Sales Tax including interest	Joint Commissioner of Sales Tax (Appeals)	2009-2010	360.92	0.95

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the 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.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments). In our opinion and according to the information and explanation given to us, money raised by way of term loans has been applied by the Company during the year for the purpose for which they were raised.
- (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 Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 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 directors of its holding company or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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

**Rakesh Sharma
(Partner)
(Membership No. 102042)
(UDIN: 20102042AAAABE2862)**

Place: Mumbai
Date: 29 June 2020

Balance Sheet as at 31 March 2020

(Currency: Indian Rupees in Lakhs)

Particulars	Notes	As at 31 March 2020	As at 31 March 2019
I. ASSETS			
1. Non current assets			
(a) Property, plant and equipment	5	7,124.44	6,869.17
(b) Capital work-in-progress	6	—	283.08
(c) Financial assets			
— Other financial assets	7	32.81	59.07
(d) Other non current assets	8	335.20	426.51
Total non current assets		7,492.45	7,637.83
2. Current assets			
(a) Inventories	9	2,872.32	2,756.12
(b) Financial assets			
i. Trade receivables	10	2,824.26	2,658.06
ii. Cash and cash equivalents	11	105.00	187.08
iii. Loans	12	15.81	19.74
(c) Other current assets	13	1,380.59	1,526.09
Total current assets		7,197.98	7,147.09
TOTAL ASSETS		14,690.43	14,784.92
II. EQUITY AND LIABILITIES			
1. Equity			
(a) Equity share capital	14	735.31	735.31
(b) Other equity	15	446.85	391.72
Total Equity		1,182.16	1,127.03
Liabilities			
2. Non-current liabilities			
(a) Financial liabilities			
i. Borrowings	16	5,000.00	1,659.61
ii. Other financial liabilities	17	—	278.05
(b) Provisions	18	62.32	54.67
(c) Deferred tax liabilities (net)	19	37.90	—
Total non current liabilities		5,100.22	1,992.33
3. Current liabilities			
(a) Financial liabilities			
i. Borrowings	20	5,934.59	6,701.11
ii. Trade payables	21		
(a) Total outstanding dues of Micro Enterprises and Small Enterprises		97.45	91.46
(b) Total outstanding dues of Creditors other than Micro Enterprises and Small Enterprises		2,134.13	1,947.60
iii. Other financial liabilities	22	119.70	2,859.84
(b) Provisions	23	19.07	10.44
(c) Other current liabilities	24	103.11	55.11
Total current liabilities		8,408.05	11,665.56
Total liabilities		13,508.27	13,657.89
TOTAL EQUITY AND LIABILITIES		14,690.43	14,784.92
Significant accounting policies	2		

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

In terms of our report of even date

For and on behalf of the Board of Directors

For Deloitte Haskins & Sells LLP
Chartered Accountants

Sunshield Chemicals Limited

R. L. Shenoy
Chairman
(DIN 00074761)

Ajit Shah
Director
(DIN 02396765)

Manoj Khullar
Managing Director
(DIN 06415392)

Rakesh Sharma
Partner
Place : Mumbai
Date : 29 June 2020

Sandeep Kulkarni
Chief Financial Officer
Place : Mumbai
Date : 29 June 2020

Amit Kumashi
Company Secretary



Statement of Profit and Loss for the year ended 31 March 2020

(Currency: Indian Rupees in Lakhs)

Particulars	Notes	For the year ended	
		31 March 2020	31 March 2019
Income:			
I. Revenue from operations	25	18,107.74	18,968.90
II. Other income	26	124.42	228.12
III. Total income (I + II)		18,232.16	19,197.02
Expenses:			
Cost of materials consumed	27	12,297.66	12,926.60
Changes in inventories finished goods and work-in-progress	28	(173.59)	259.79
Employee benefits expense	29	659.27	645.66
Finance costs	30	1,000.35	1,070.49
Depreciation	31	608.96	586.19
Other expenses	32	3,616.51	3,512.46
Total expenses (IV)		18,009.16	19,001.19
V. Profit before exceptional item and tax (III - IV)		223.00	195.83
VI. Exceptional item	40	103.63	173.57
VII. Profit before tax (V - VI)		119.37	22.26
VIII. Tax Expense:	35		
Current Tax		13.55	—
Deferred Tax		41.46	—
Net tax expense (VIII)		55.01	—
IX. Profit for the year (VII - VIII)		64.36	22.26
X. Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit plan		(12.79)	(4.20)
Income tax related to items that will not be reclassified to profit or loss		3.56	—
Total Other Comprehensive Loss		(9.23)	(4.20)
XI. Total Comprehensive Income for the year (IX + X)		55.13	18.06
XII. Earnings per equity share	39		
(1) Basic (₹)		0.88	0.30
(2) Diluted (₹)		0.88	0.30
Significant accounting policies	2		

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

In terms of our report of even date

For and on behalf of the Board of Directors

For Deloitte Haskins & Sells LLP
Chartered Accountants

Sunshield Chemicals Limited

Rakesh Sharma
Partner
Place : Mumbai
Date : 29 June 2020

R. L. Shenoy
Chairman
(DIN 00074761)
Sandeep Kulkarni
Chief Financial Officer
Place : Mumbai
Date : 29 June 2020

Ajit Shah
Director
(DIN 02396765)
Amit Kumashi
Company Secretary

Manoj Khullar
Managing Director
(DIN 06415392)

Sunshield Chemicals Limited

Statement of cash flows for the year ended 31 March 2020

(Currency: Indian Rupees in Lakhs)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Cash flow from operating activities		
Profit before tax	119.37	22.26
Profit before tax		
Adjustments :		
Depreciation Expense	608.96	586.19
Liabilities / provisions no longer required written back	(37.05)	(77.24)
Finance cost	1,000.35	1,070.49
Allowance for credit impaired trade receivables written back	—	(20.93)
Provision for doubtful trade receivables (net of recoveries)	2.61	—
Unrealized foreign exchange gain (net)	(104.64)	3.08
Operating profit before changes in working capital	1,589.60	1,583.85
Adjustments for (increase) / decrease in working capital		
Trade receivables	(85.97)	329.93
Inventories	(116.20)	378.81
Other assets	263.18	(164.08)
Trade payables	251.37	(284.16)
Other liabilities	49.33	(346.94)
Provisions	(5.40)	(43.16)
Cash generated from operations	1,945.91	1,454.25
Income Tax refund/(paid)	(2.40)	0.07
Net cash flows from operating activities	1,943.51	1,454.32
Cash flow from investing activities		
Payments for property, plant and equipment	(674.56)	(210.16)
Net cash used in investing activities	(674.56)	(210.16)
Cash flow from financing activities		
Interest paid	(1,709.88)	(887.90)
Repayment of Borrowings	(674.63)	(2,133.50)
Net cash flows used in financing activities	(2,384.51)	(3,021.40)
Net decrease in cash and cash equivalents	(1,115.56)	(1,777.24)
Cash and cash equivalents at the beginning of the year	(1,514.03)	263.21
Cash and cash equivalents at the end of the year (Refer note 11)	(2,629.59)	(1,514.03)
Reconciliation of Cash and Cash equivalents with the Balance Sheet		
Cash and Bank Balances as per Balance Sheet	105.00	187.08
Bank overdrafts (Refer Note 20)	(2,734.59)	(1,701.11)
Cash and Cash equivalents as per statement of cash flows	(2,629.59)	(1,514.03)

Significant accounting policies - Note 2

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

In terms of our report of even date

For and on behalf of the Board of Directors

For Deloitte Haskins & Sells LLP
Chartered Accountants

Sunshield Chemicals Limited

R. L. Shenoy
Chairman
(DIN 00074761)

Ajit Shah
Director
(DIN 02396765)

Manoj Khullar
Managing Director
(DIN 06415392)

Rakesh Sharma
Partner
Place : Mumbai
Date : 29 June 2020

Sandeep Kulkarni
Chief Financial Officer
Place : Mumbai
Date : 29 June 2020

Amit Kumashi
Company Secretary



Statement of Changes in Equity for the year ended 31 March 2020

(Currency: Indian Rupees in Lakhs)

(a) Equity share capital :

	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 31 March 2019	14	735.31	—	735.31
As at 31 March 2020		735.31	—	735.31

(b) Other equity :

Particulars	Notes	Reserves & Surplus			Total
		Capital reserve	Securities premium	Retained earnings	
As at 1 April 2018		453.56	883.10	(962.99)	373.67
Profit for the year		—	—	22.26	22.26
Other comprehensive loss for the year (net of income tax)		—	—	(4.20)	(4.20)
Total comprehensive income for the year		—	—	18.06	18.06
As at 31 March 2019	15	453.56	883.10	(944.94)	391.72
Profit for the year		—	—	64.36	64.36
Other comprehensive loss for the year (net of income tax)		—	—	(9.23)	(9.23)
Total comprehensive income for the year		—	—	55.13	55.13
As at 31 March 2020		453.56	883.10	(889.81)	446.85

Significant accounting policies

2

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

In terms of our report of even date

For and on behalf of the Board of Directors

For Deloitte Haskins & Sells LLP
Chartered Accountants

Sunshield Chemicals Limited

R. L. Shenoy
Chairman
(DIN 00074761)

Ajit Shah
Director
(DIN 02396765)

Manoj Khullar
Managing Director
(DIN 06415392)

Rakesh Sharma
Partner
Place : Mumbai
Date : 29 June 2020

Sandeep Kulkarni
Chief Financial Officer
Place : Mumbai
Date : 29 June 2020

Amit Kumashi
Company Secretary

Notes forming part of the financial statements for the year ended 31 March 2020

1. COMPANY BACKGROUND:

Sunshield Chemicals Limited ('the Company') was incorporated in India on 19 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 the Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter.

The financial statements are presented in Indian Rupees and all values are rounded to the nearest lakhs, except where otherwise indicated.

Recent accounting pronouncements:

- i) The Company has adopted Ind AS 116 'Leases' with the date of initial application being April 1, 2019. Ind AS 116 replaces Ind AS 17 – Leases and related interpretation and guidance. The standard sets out principles for recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. The Company has evaluated the effect of this amendment on the financial statements and concluded that there is no significant impact.
- ii) Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments: On March 30, 2019, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2019 containing Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments which clarifies the application and measurement requirements in Ind AS 12 when there is uncertainty over income tax treatments. The current and deferred tax asset or liability shall be recognized and measured by applying the requirements in Ind AS 12 based on the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined by applying this appendix. The amendment is effective from April 1, 2019. The Company has evaluated the effect of this amendment on the financial statements and concluded that there is no significant impact.
- iii) Amendment to Ind AS 19 'Employee Benefits': On March 30, 2019, the Ministry of Corporate Affairs has notified limited amendments to Ind AS 19 'Employee Benefits' in connection with accounting for plan amendments, curtailments and settlements. The amendments require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement and to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. The amendment is effective from April 1, 2019. The Company has evaluated the effect of this amendment on the financial statements and concluded that there is no impact.
- iv) Amendment to Ind AS 12 'Income Taxes': On March 30, 2019, the Ministry of Corporate Affairs has notified limited amendments to Ind AS 12 'Income Taxes'. The amendments require an entity to recognise the income tax consequences of dividends as defined in Ind AS 109 when it recognises a liability to pay a dividend. The income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The amendment is effective from April 1, 2019. The Company has evaluated the effect of this amendment on the financial statements and concluded that there is no impact.

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.



Notes forming part of the financial statements for the year ended 31 March 2020

2.2. Revenue recognition

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration expected to receive in exchange for those products or services.

(a) Sale of products

Revenue from contract with customers is recognised when the Company satisfies performance obligation by transferring promised goods and services to the customer. The revenue is measured based on transaction price, which is the fair value of the consideration received or receivable and is net of discounts, allowances, returns, goods and services tax.

(b) Sale of Services

Revenue from services is recognised on rendering of services as per the terms and conditions agreed with the customers.

2.3. Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

2.4. Foreign currency transactions and translations

The functional currency of the Company is the Indian Rupee. The treatment of foreign currency transactions is as under:

Initial recognition

Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction or using rates that closely approximate the rate at the date of the transaction.

Measurement at the balance sheet date

At the end of each reporting period, monetary items denominated in foreign currencies are restated at the rates prevailing at that date.

Treatment of exchange differences

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 or substantively enacted by the end of the reporting period and the provisions of the Income Tax Act, 1961 and other tax laws, as applicable.

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 recognised for all taxable temporary differences. Deferred tax assets are 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. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as a deferred tax asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

Deferred tax assets and liabilities 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.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Notes forming part of the financial statements for the year ended 31 March 2020

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 to 6 years
Office Equipments	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 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 the Statement of Profit and Loss.

For transition to Ind AS, the Company had 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.

Capital work-in-progress:

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 as Capital work-in-progress.

2.7. Impairment of non-financial assets

Assets that are subject to depreciation or amortisation are tested at each balance sheet date for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's or the cash generating unit's (CGU) carrying amount exceeds its recoverable amount and is recognised in the Statement of Profit and Loss. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risk specific to the asset for which the estimates of the future cash flows have not been adjusted.

When an impairment loss subsequently reverses, the carrying amount of the asset or the CGU is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or CGU in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Profit and Loss.

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 of inventories comprises of all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Notes forming part of the financial statements for the year ended 31 March 2020

2.9. Provisions, contingent liabilities and contingent assets

Provisions

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).

Contingent liabilities

Contingent liabilities are disclosed unless the possibility of outflow of resources is remote, when there is:

- A possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or
- A present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or reliable estimate of the amount cannot be made.

Contingent assets

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

2.10. Financial Instruments

a) 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.

i) 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) meeting the relevant criteria, 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”).

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 115, 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. The expected credit loss allowance has been made taking into the account historical credit loss experience and adjusted for forward looking information.

ii) 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.

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 the reporting period.

Notes forming part of the financial statements for the year ended 31 March 2020

b) 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 remeasured at fair value at the end of each reporting period and changes are recognised in the Statement of Profit and Loss.

Fair value measurement

'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 in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

Few of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. When one is available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. If there is no quoted price in an active market, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

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.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

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 Company identifies secondary segment on the basis of geographical location of the customers.

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.

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.

Defined benefit costs are categorized as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- Net interest expense or income; and
- Remeasurement

The Company presents the first two components of defined benefit costs in the Statement of Profit and Loss in the line item 'Employee benefits expense'.

Notes forming part of the financial statements for the year ended 31 March 2020

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.

The retirement benefit obligation recognised in the balance sheet represents the deficit or surplus in the Company's defined benefit plans.

2.14. Borrowing costs

Borrowing costs directly attributable to the acquisition or construction 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.

3. RECENT INDIAN ACCOUNTING STANDARDS (IND AS):

The Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

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 various factors including 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 risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

i) Useful lives of property, plant and equipment

The Company reviews the estimated useful lives of property, plant and equipment at the end of each reporting period. During financial years ended 31 March 2020 and 2019, 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.

ii) 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.

iii) 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 has concluded, which 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 31 March 2020

(Currency: Indian Rupees in Lakhs)

Note 5

Property, plant and equipment

Description	GROSS BLOCK				DEPRECIATION				NET BLOCK
	As at 1 April 2019	Additions	Deductions	As at 31 March 2020	As at 1 April 2019	For the year	Deductions	As at 31 March 2020	As at 31 March 2020
Freehold Land	76.82	113.45	—	190.27	—	—	—	—	190.27
Buildings	1,541.99	95.95	—	1,637.94	214.14	79.19	—	293.33	1,344.61
Plant and Equipments	6,837.22	638.61	—	7,475.83	1,407.08	508.60	—	1,915.68	5,560.15
Furniture and Fixtures	0.04	1.14	—	1.18	0.02	0.05	—	0.07	1.11
Vehicle	14.00	—	—	14.00	0.26	1.75	—	2.01	11.99
Computers	155.72	15.08	—	170.80	138.42	16.87	—	155.29	15.51
Office Equipments	7.02	—	—	7.02	3.72	2.50	—	6.22	0.80
TOTAL	8,632.81	864.23	—	9,497.04	1,763.64	608.96	—	2,372.60	7,124.44

Description	GROSS BLOCK				DEPRECIATION				NET BLOCK
	As at 1 April 2018	Additions	Deductions	As at 31 March 2019	As at 1 April 2018	For the year	Deductions	As at 31 March 2019	As at 31 March 2019
Freehold Land	76.82	—	—	76.82	—	—	—	—	76.82
Buildings	1,541.99	—	—	1,541.99	142.59	71.55	—	214.14	1,327.85
Plant and Equipments	6,476.30	360.92	—	6,837.22	934.26	472.82	—	1,407.08	5,430.14
Furniture and Fixtures	0.04	—	—	0.04	0.01	0.01	—	0.02	0.02
Vehicle	—	14.00	—	14.00	—	0.26	—	0.26	13.74
Computers	149.02	6.70	—	155.72	99.18	39.24	—	138.42	17.30
Office Equipments	7.02	—	—	7.02	1.41	2.31	—	3.72	3.30
TOTAL	8,251.19	381.62	—	8,632.81	1,177.45	586.19	—	1,763.64	6,869.17

Note 6

Capital Work in progress

Description	Amount
Opening Balance as at 1 April 2018	303.65
Additions	361.05
Transfer	(381.62)
Closing Balance as at 31 March 2019	283.08
Additions	564.93
Transfer	(848.01)
Closing Balance as at 31 March 2020	—



Notes forming part of the financial statements for the year ended 31 March 2020

(Currency: Indian Rupees in Lakhs)

Note 7

Other non-current financial assets

Particulars	As at 31 March 2020	As at 31 March 2019
(Unsecured, considered good)		
Security Deposits	32.81	32.76
Derivative asset	—	26.31
TOTAL	32.81	59.07

Note 8

Other non-current assets

Particulars	As at 31 March 2020	As at 31 March 2019
(Unsecured, considered good)		
Balances with Government authorities		
— VAT refund receivable	216.27	306.40
— Revenue deposit receivable	14.01	14.01
— VAT paid under protest (Refer note 33)	12.45	13.50
— Duty Drawback receivable	6.75	3.06
Capital Advances	0.21	1.77
Advance income-tax [net of provision ₹ 188.89 Lakhs (2019 – ₹ 188.89 Lakhs)]	85.51	87.77
TOTAL	335.20	426.51

Note 9

Inventories (at lower of cost and net realisable value)

Particulars	As at 31 March 2020	As at 31 March 2019
Raw materials [(includes Goods-in-Transit ₹ 22.54 Lakhs, (2019 – ₹ 71.45 Lakhs)]	1,265.69	1,344.35
Packing materials	85.26	78.18
Work-in-progress	71.01	78.90
Finished goods [(includes Goods-in-Transit ₹ 252.79 Lakhs, (2019 – ₹ 339.62 Lakhs)]	1,296.13	1,114.65
Stores and spares	154.23	140.04
TOTAL	2,872.32	2,756.12

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

Notes forming part of the financial statements for the year ended 31 March 2020

(Currency: Indian Rupees in Lakhs)

Note 10

Trade Receivables

Particulars	As at 31 March 2020	As at 31 March 2019
Unsecured		
Credit impaired	5.74	3.13
Considered Good	2,824.26	2,658.06
Less: Allowance for credit impaired trade receivables	(5.74)	(3.13)
	<u>2,824.26</u>	<u>2,658.06</u>
TOTAL	<u><u>2,824.26</u></u>	<u><u>2,658.06</u></u>

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 ₹ 491.51 Lakhs (2019 – ₹ 367.20 Lakhs).

For movement in allowance for credit impaired trade receivable refer Note no: 41

Note 11

Cash and cash equivalents

Particulars	As at 31 March 2020	As at 31 March 2019
Balance with Banks		
— In current accounts	105.00	187.08
TOTAL	<u><u>105.00</u></u>	<u><u>187.08</u></u>

Note 12

Loans (Current)

Particulars	As at 31 March 2020	As at 31 March 2019
Unsecured, Considered Good		
Loans to employees	15.81	19.74
TOTAL	<u><u>15.81</u></u>	<u><u>19.74</u></u>

Note 13

Other current assets

Particulars	As at 31 March 2020	As at 31 March 2019
Prepaid Expenses	24.08	25.26
Balance with government authorities		
— Goods and Service Tax	856.97	1,072.52
— Input/CENVAT credit receivable	270.26	180.54
Advances to suppliers of goods and services	229.28	242.81
Others	—	4.96
TOTAL	<u><u>1,380.59</u></u>	<u><u>1,526.09</u></u>



Notes forming part of the financial statements for the year ended 31 March 2020

(Currency: Indian Rupees in Lakhs)

Note 14

Equity Share Capital

Particulars	As at	
	31 March 2020	31 March 2019
Authorised		
1,50,00,000 equity shares of ₹ 10/- each	1,500.00	1,500.00
50,00,000 7% Non Cumulative Redeemable Preference shares of ₹ 10/- each	500.00	500.00
	2,000.00	2,000.00
Issued, Subscribed and fully paid up		
73,53,060 (2019: 73,53,060) equity shares of ₹ 10/- each fully paid up	735.31	735.31
TOTAL	735.31	735.31

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

	As at 31 March 2020		As at 31 March 2019	
	No. of Shares	Amount	No. of Shares	Amount
Opening Balance	73,53,060	735.31	73,53,060	735.31
Add : Fresh issue during the year	—	—	—	—
Closing balance	73,53,060	735.31	73,53,060	735.31

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

	As at 31 March 2020		As at 31 March 2019	
	No. of Shares	% of holding	No. of Shares	% of holding
Rhodia Amines Chemicals Pte. Limited (Holding Company)	45,85,196	62.36%	45,85,196	62.36%

Details of Equity Shares held by the Holding Company:

	As at 31 March 2020		As at 31 March 2019	
	No. of Shares	% of holding	No. of Shares	% of holding
Rhodia Amines Chemicals Pte. Limited (Holding Company)	45,85,196	62.36%	45,85,196	62.36%

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 ₹ 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.

Notes forming part of the financial statements for the year ended 31 March 2020

(Currency: Indian Rupees in Lakhs)

Note 15

Other equity

Particulars	As at 31 March 2020	As at 31 March 2019
Capital reserve	453.56	453.56
Securities premium	883.10	883.10
Retained earnings		
Balance at the beginning of the year	(944.94)	(962.99)
Profit for the year	55.13	18.06
Retained earnings	(889.81)	(944.94)
TOTAL	446.85	391.72

(a) Capital reserve

Capital Reserves includes :

- i) ₹ 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.
- ii) ₹ 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 distribution to the shareholders as dividend.

(b) Securities premium

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

(c) Retained earnings

Retained earnings are the profits that the Company has earned till date, less any transfers to other reserves, less any dividends or other distributions paid to shareholders. Retained earnings includes re-measurement loss / (gain) on defined benefit plans, net of taxes that will not be reclassified to Statement of Profit and Loss. Retained earnings is a free reserve available to the Company.

Note 16

Borrowings (Non Current)

Particulars	As at 31 March 2020	As at 31 March 2019
Unsecured loan – At amortised cost		
Loans and Advances from related parties		
— Term loan (Refer note (i) below)	5,000.00	—
— External Commercial Borrowing in foreign currency (ECB) (Refer note (ii) below)	—	1,659.61
TOTAL	5,000.00	1,659.61

Particulars	Present Rate of Interest	Terms of Repayment
(i) Loan taken from Solvay Specialities India Private Limited, a fellow subsidiary.	9% p.a.	2 years from the date of conversion from short term to long term i.e. 01 June 2019. The same maybe renewed/extended for further periods as maybe decided between the parties.
(ii) External Commercial Borrowing (ECB) taken from Solvay Finance Ireland a subsidiary of Solvay S.A. Belgium, the ultimate holding company	2019: 5.18%	5 years from the date of utilisation of respective drawdowns, the maturity dates range from November 2018 to February 2020, the entire loan has been prepaid in June 2019.



Notes forming part of the financial statements for the year ended 31 March 2020

(Currency: Indian Rupees in Lakhs)

Note 17

Other financial liabilities (Non current)

Particulars	As at 31 March 2020	As at 31 March 2019
Interest accrued but not due on borrowings	—	278.05
TOTAL	—	278.05

Note 18

Provisions (Non Current)

Particulars	As at 31 March 2020	As at 31 March 2019
Provision for Employee Benefits (Refer note 38):		
— Compensated absences	62.32	54.67
TOTAL	62.32	54.67

Note 19

Deferred tax liabilities (net)

Particulars	As at 31 March 2020	As at 31 March 2019
Deferred tax liability		
On difference between book balance and tax balance of property, plant and equipment	803.31	772.39
Deferred tax assets		
Disallowance under section 43(B) / 40(a) of Income tax Act, 1961	(39.65)	(33.51)
Others	(61.19)	(104.49)
Unabsorbed depreciation and unabsorbed business loss carried forward	(664.57)	(634.39)**
TOTAL	37.90	—

* For deferred tax movement refer note 35

** Restricted to the extent of deferred tax liability

Notes forming part of the financial statements for the year ended 31 March 2020

(Currency: Indian Rupees in Lakhs)

Note 20

Borrowings (Current)

Particulars	As at 31 March 2020	As at 31 March 2019
Unsecured		
Loans repayable on demand from banks		
— Overdraft facilities	2,734.59	1,701.11
— Working capital Demand Loan	3,200.00	—
Loans from related party (Refer note 37)	—	5,000.00
TOTAL	5,934.59	6,701.11

Note 21

Trade Payables

Particulars	As at 31 March 2020	As at 31 March 2019
Total outstanding dues of Micro Enterprises and Small Enterprises	97.45	91.46
Total outstanding dues of Creditors other than Micro Enterprises and Small Enterprises	2,134.13	1,947.60
TOTAL	2,231.58	2,039.06

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. On the basis of the information and records available with the Management, the outstanding dues to the Suppliers as defined in MSMED are set out in the following disclosure:

Particulars	As at 31 March 2020	As at 31 March 2019
(a) The amount remaining payable to any supplier at the end of the accounting year:		
Principal amount	97.45	91.46
Interest due thereon	1.12	0.83
(b) The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	—	—
(c) The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	7.46	10.72
(d) The amount of interest accrued and remaining unpaid at the end of the year	41.81	33.23
(e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	2.77	1.68



Notes forming part of the financial statements for the year ended 31 March 2020

(Currency: Indian Rupees in Lakhs)

Note 22

Other financial liabilities (Current)

Particulars	As at 31 March 2020	As at 31 March 2019
Current maturities of long term debts	—	2,215.41
Interest accrued but not due on borrowings	38.22	469.22
Other Payables		
— Payables on Capital Expenditure	4.16	98.92
— Employee benefits payable	77.32	76.29
TOTAL	119.70	2,859.84

Note 23

Provisions (Current)

Particulars	As at 31 March 2020	As at 31 March 2019
Provision for employee benefits (Refer note 38):		
— Compensated absences	10.18	10.44
— Provision for tax (Net of Advance tax of ₹ 4.66 Lakhs (2019 – ₹ Nil/-))	8.89	—
TOTAL	19.07	10.44

Note 24

Other current liabilities

Particulars	As at 31 March 2020	As at 31 March 2019
Other Payables		
— Statutory remittances (Contributions to Provident Fund, profession tax, withholding taxes, GST, ESIC, etc.)	38.75	28.03
— Payable on account of gratuity (net)	15.73	—
— Advance from customers	9.98	1.14
— Others	38.65	25.94
TOTAL	103.11	55.11

Notes forming part of the financial statements for the year ended 31 March 2020

(Currency: Indian Rupees in Lakhs)

Note 25

Revenue from operations

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
<u>Sale of products</u>		
— Finished goods (Speciality Chemicals)	17,893.85	18,741.11
<u>Sale of services</u>		
— Processing charges	193.06	191.96
<u>Other operating revenue</u>		
— Scrap sales	14.39	27.75
— Duty Drawback	6.44	8.08
TOTAL	18,107.74	18,968.90

Note 26

Other income

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Interest income:		
— From others	14.40	2.36
Liabilities / provisions no longer required written back	37.05	77.24
Net gain on foreign currency transactions and restatements	72.97	127.59
Allowance for credit impaired trade receivables written back	—	20.93
TOTAL	124.42	228.12

Note 27

Cost of material consumed

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
(a) Raw materials consumed		
Opening stock of raw materials	1,344.35	1,518.19
Add: Purchases	11,486.15	12,021.83
Less: Closing stock of raw materials	(1,265.69)	(1,344.35)
Cost of raw materials consumed	11,564.81	12,195.67
(b) Packing materials consumed		
Opening stock of packing materials	78.18	61.55
Add: Purchases	739.93	747.56
Less: Closing stock of packing materials	(85.26)	(78.18)
Cost of packing material consumed	732.85	730.93
TOTAL	12,297.66	12,926.60



Notes forming part of the financial statements for the year ended 31 March 2020

(Currency: Indian Rupees in Lakhs)

Note 28

Changes in inventories of finished goods and work-in-progress

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
(a) Work-in-progress		
Opening stock	78.90	189.00
Less: Closing stock	(71.01)	(78.90)
	<u>7.89</u>	<u>110.10</u>
(b) Finished goods		
Opening stock	1,114.65	1,264.34
Less: Closing stock	(1,296.13)	(1,114.65)
	<u>(181.48)</u>	<u>149.69</u>
TOTAL [Net Decrease / (Increase)]	<u><u>(173.59)</u></u>	<u><u>259.79</u></u>

Note 29

Employee benefits expense

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Salaries and wages	570.45	564.28
Contribution to provident and other funds (refer note 38)	32.21	44.12
Staff welfare expenses	56.61	37.26
TOTAL	<u><u>659.27</u></u>	<u><u>645.66</u></u>

Note 30

Finance Cost

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Interest on bank overdraft and loans (other than those from related parties)	397.83	376.47
Interest on loans from related parties	602.24	690.39
Other borrowing costs	0.28	3.63
TOTAL	<u><u>1,000.35</u></u>	<u><u>1,070.49</u></u>

Note 31

Depreciation

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Depreciation on Property, Plant and Equipment	608.96	586.19
TOTAL	<u><u>608.96</u></u>	<u><u>586.19</u></u>

Notes forming part of the financial statements for the year ended 31 March 2020

(Currency: Indian Rupees in Lakhs)

Note 32

Other expenses

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Consumption of stores and spare parts	168.80	200.56
Power and fuel	915.30	799.80
Rent	54.10	58.07
Repairs and maintenance		
— Plant and machinery	163.11	143.02
— Others	9.97	9.84
Insurance	46.66	39.16
Rates and taxes	132.26	16.04
Sub-contract charges	509.52	452.34
Legal and professional fees	148.27	126.42
Service charges	598.66	652.25
Computer maintenance expense	83.65	104.56
Travelling and conveyance	38.75	39.95
Director's sitting fees	10.40	18.80
Payments to Auditors (Refer Note (i) below)	20.00	20.70
Freight and forwarding expenses	411.59	449.39
Provision for doubtful trade receivables (net of recoveries)	2.61	—
Effluent treatment charges	98.17	157.39
Miscellaneous Expenses	204.69	224.17
TOTAL	3,616.51	3,512.46

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Notes (i):		
Payment to Auditors include: (net of input credit, where applicable)		
To statutory auditors		
— Statutory audit fees (including quarterly reviews)	20.00	20.00
— Reimbursement of expenses	—	0.70
	20.00	20.70

Note 33

Contingent Liabilities and Commitments:

	As at 31 March 2020	As at 31 March 2019
Contingent Liabilities		
Claims against the Company not acknowledged as debt:		
(a) Sales Tax Matters		
Demand notices issued by Sales Tax Department for which the Company has preferred appeal	906.82	1,244.08
(b) Bank guarantees	141.00	140.00

Note:

- Future ultimate outflow of resources embodying economic benefits in respect of matters stated above is uncertain as it depends on the final outcome of judgments / decisions on the matters involved.
- Management considers that excise, service tax, sales tax and income tax demands received from the respective authorities are not tenable against the Company, and therefore no provision for these tax contingencies have been made.
- 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 a materially adverse effect on its financial statements.
- The Company had a dispute with certain parties with respect to land admeasuring 22.50 hectares. During the year, the Company had entered into a compromise decree on 30 September 2019 with the parties whereby the dispute was settled by buying the subject land by the Company. The case filed by and against the Company have accordingly been withdrawn by the parties concerned. Accordingly on 21 January 2020, the Company executed a sale deed for the purchase of the land.



Notes forming part of the financial statements for the year ended 31 March 2020

(Currency: Indian Rupees in Lakhs)

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. 33.68 81.23

Note 35

Tax expense

	For the year ended 31 March 2020	For the year ended 31 March 2019
(a) Amounts recognised in profit and loss		
Current income tax	13.55	—
Deferred tax expense	41.46	—
Tax expense for the year	55.01	—
(b) Reconciliation of effective tax rate		
	For the year ended 31 March 2020	For the year ended 31 March 2019
Profit before tax	119.37	22.26
Tax using the Company's domestic tax rate	33.21	4.58
Reduction in tax on account of MAT adjustments	—	(4.58)
Effect of MAT credit entitlement not recognised (on the basis of conservatism)	13.55	—
Effect of expenses that are not deductible in determining taxable profits	2.71	—
Others	5.54	—
	55.01	—
(c) Movement in deferred tax balances : 31 March 2020		

	Net balance 1 April 2019	Recognised in profit or loss	Recognised in OCI	Net balance 31 March 2020
Property, plant and equipment	772.39	30.92	—	803.31
Employee Benefits	(33.51)	(2.58)	3.56	(39.65)
Others	(104.49)	43.30	—	(61.19)
Unabsorbed depreciation and tax losses carried forward	(634.39)	(30.18)	—	(664.57)
Tax Assets/(Liabilities)	—	41.46	3.56	37.90

Movement in deferred tax balances : 31 March 2019

	Net balance 1 April 2018	Recognised in profit or loss	Recognised in OCI	Net balance 31 March 2019
Property, plant and equipment	726.73	45.66	—	772.39
Employee Benefits	(14.27)	(19.24)	—	(33.51)
Others	—	(104.49)	—	(104.49)
Unabsorbed depreciation and tax losses carried forward - restricted to the extent of deferred tax liability	(712.46)	78.07	—	(634.39)
Tax assets/(Liabilities)	—	—	—	—

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.

Notes forming part of the financial statements for the year ended 31 March 2020

(Currency: Indian Rupees in Lakhs)

Note 36

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. Revenue arising from sale of products from one customer amounted to ₹ 2868.23 Lakhs (31 March 2019: from one customer amounted to ₹ 2,154 Lakhs), which exceeds 10% of revenue from operations of the Company.

(b) Geographical segment information

Geographical Segment	Revenues for the year ended 31 March 2020	Segment assets as at 31 March 2020
India	12,031.02 (11,205.37)	13,532.26 (14,040.40)
Others	6,201.14 (7,991.65)	1,158.17 (744.52)

Figures in brackets are for the previous year ended 31 March 2019

Note 37

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 Specialty Chemicals Asia Pacific Pte. Ltd.
- Rhodia Operations S.A.S.
- Solvay Chemicals Korea Co. Ltd.
- Solvay Specialities India Pvt. Ltd. (Refer Note II below)
- Solvay (Zhenjiang) Chemicals Co. Ltd.
- Solvay USA Inc.
- Solvay (Zhangjiagang) Specialty Chemicals Co. Ltd.
- Solvay Solutions Italia S.p.A
- Rhodia Poliamida E Especialidades S. A.
- Rhodia Argentina S.A.
- Solvay Quimica S.A.
- Solvay Istanbul Kimya TIC
- Solvay Finance Ireland Unlimited

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

Note II: During the previous year, Rhodia Specialty Chemicals India Private Limited (Formerly known as Rhodia Specialty Chemicals India Limited) merged with Solvay Specialities India Pvt. Ltd.



Notes forming part of the financial statements for the year ended 31 March 2020

(Currency: Indian Rupees in Lakhs)

(ii) Key Management Personnel:

Mr. Manoj Khullar	Managing Director
Mr. Chidananda Bhagwat (upto 23 July 2018)	Executive Director
Mr. Srivatsa M K (w.e.f. 19 July 2018 upto 17 February 2020)	Executive Director
Mr. R. L. Shenoy	Independent Director
Mr. Ajit Shah	Independent Director
Mrs. Aruna Soman	Independent Director
Mr. Satish Kelkar (upto 11 February 2019)	Non-executive Director
Mr. Amit Kumashi	Company Secretary
Mr. Rajeev Gupte (upto 14 September 2018)	Chief Financial Officer
Mr. Sandeep Kulkarni (w.e.f. 11 February 2019)	Chief Financial Officer

(c) Transactions with the Related Parties:

	For the year ended 31 March 2020	For the year ended 31 March 2019
Fellow Subsidiaries		
(i) Sale of goods:		
Solvay (Zhenjiang) Chemicals Co. Ltd.	487.05	8.71
Solvay Specialities India Pvt. Ltd. (Refer Note II above in clause b(i))	738.09	769.29
Solvay Chemicals Korea Co. Ltd.	4.52	9.33
Solvay Specialty Chemicals Asia Pacific Pte. Ltd.	569.42	580.79
Solvay (Zhangjiagang) Specialty Chemicals Co. Ltd.	147.61	236.02
Rhodia Operations S.A.S.	264.69	252.44
Solvay USA Inc.	20.40	—
Rhodia Poliamida E Especialidades S. A.	—	1.21
	<u>2,231.78</u>	<u>1,857.79</u>
(ii) Purchase of Raw Materials:		
Solvay Specialities India Pvt. Ltd. (Refer Note II above in clause b(i))	123.43	54.06
Solvay (Zhangjiagang) Specialty Chemicals Co. Ltd.	365.60	134.07
Solvay Solutions Italia S.p.A	—	32.09
Solvay (Zhenjiang) Chemicals Co. Ltd.	19.79	—
Solvay Specialty Chemicals Asia Pacific Pte. Ltd.	408.46	9.43
	<u>917.28</u>	<u>229.65</u>
(iii) Rendering of services:		
Solvay Specialities India Pvt. Ltd. (Refer Note II above in clause b(i))	11.32	26.77
(iv) Reimbursement of expenses incurred on their behalf:		
Solvay Specialities India Pvt. Ltd. (Refer Note II above in clause b(i))	—	28.85
	<u>—</u>	<u>28.85</u>
(v) Reimbursement of expenses incurred on our behalf:		
Solvay Specialities India Pvt. Ltd. (Refer Note II above in clause b(i))	44.67	—
	<u>44.67</u>	<u>—</u>
(vi) Receipt of services:		
(a) Service charges		
Solvay Specialities India Pvt. Ltd. (Refer Note II above in clause b(i))	598.69	652.25

Notes forming part of the financial statements for the year ended 31 March 2020

(Currency: Indian Rupees in Lakhs)

	For the year ended 31 March 2020	For the year ended 31 March 2019
(b) Computer maintenance		
Rhodia Operations S.A.S.	83.65	66.91
(c) Sales commission		
Rhodia Poliamida E Especialidades S.A.	0.77	2.68
Rhodia Argentina S.A.	—	0.18
Solvay Istanbul Kimya TIC	4.31	3.52
Solvay Chemicals Korea Co. Ltd.	54.72	45.28
	<u>742.14</u>	<u>770.83</u>
(vii) Inter corporate loan repaid:		
Solvay Specialities India Pvt. Ltd. (Refer Note II above in clause b(i))	—	1,300.00
(viii) Interest expense on inter-corporate loan taken:		
Solvay Specialities India Pvt. Ltd. (Refer Note II above in clause b(i))	544.90	447.97
(ix) External Commercial Borrowings (ECB) repaid		
Solvay Finance Ireland Unlimited	3,875.02	446.95
(x) Interest expense on ECB loan taken:		
Solvay Finance Ireland Unlimited	57.34	242.42
(d) Key management personnel compensation		
	For the year ended 31 March 2020	For the year ended 31 March 2019
(i) Short-term employee benefits		
Mr. Manoj Khullar	0.12	0.12
Mr. Chidananda Bhagwat	—	27.94
Mr. Srivatsa M. K.	28.11	25.77
Mr. Amit Kumashi	17.70	14.99
Mr. Rajeev Gupte	—	8.52
Mr. Sandeep Kulkarni	22.42	4.41
	<u>68.35</u>	<u>81.75</u>
(ii) Post-employment benefits		
Mr. Chidananda Bhagwat	—	0.50
Mr. Srivatsa M. K.	1.49	1.28
Mr. Amit Kumashi	3.96	1.39
Mr. Rajeev Gupte	—	0.24
Mr. Sandeep Kulkarni	9.48	7.92
	<u>17.43</u>	<u>11.33</u>
(iii) Directors Sitting Fees		
Mr. R. L. Shenoy	4.00	4.80
Mr. Ajit Shah	3.60	5.60
Mrs. Aruna Soman	2.80	5.20
Mr. Satish Kelkar	—	3.20
	<u>10.40</u>	<u>18.80</u>



Notes forming part of the financial statements for the year ended 31 March 2020

(Currency: Indian Rupees in Lakhs)

(e) Balances outstanding as at year end:

	As at 31 March 2020	As at 31 March 2019
(i) Amount Payable:		
Rhodia Operations S.A.S.	104.56	98.65
Solvay (Zhangjiagang) Specialty Chemicals Co. Ltd.	60.71	41.23
Solvay Specialities India Pvt. Ltd. (Refer Note II above in clause b(i))	—	35.62
Rhodia Poliamida E Especialidades S.A.	4.68	3.58
Solvay (Zhenjiang) Chemicals Co. Ltd.	19.79	0.59
Rhodia Argentina S.A.	0.20	0.18
Solvay Istanbul Kimya TIC	6.58	1.82
Solvay Chemicals Korea Co. Ltd.	48.67	80.69
Solvay Specialty Chemicals Asia Pacific Pte. Ltd.	91.74	9.14
Solvay Solutions Italia S.p.A	—	32.09
	<u>336.93</u>	<u>303.59</u>
(ii) Amount Receivable:		
Solvay Chemicals Korea Co. Ltd.	—	9.18
Solvay Specialty Chemicals Asia Pacific Pte. Ltd.	95.47	82.72
Solvay Specialities India Pvt. Ltd. (Refer Note II above in clause b(i))	134.81	220.03
Solvay (Zhenjiang) Chemicals Co. Ltd.	100.54	—
Solvay (Zhangjiagang) Specialty Chemicals Co. Ltd.	6.82	6.25
Rhodia Operations S.A.S.	131.05	49.02
Solvay Quimica S.A.	0.31	—
Solvay USA Inc.	22.51	—
	<u>491.51</u>	<u>367.20</u>
(iii) Loan Outstanding:		
Solvay Specialities India Pvt. Ltd. (Refer Note II above in clause b(i)) (includes interest accrued but not due of ₹ 38.22 lakhs (2019 – ₹ 65.65 Lakhs)	5,038.22	5,065.65
Solvay Finance Ireland Unlimited (includes interest accrued but not due of 2019 – ₹ 681.62 Lakhs)	—	4,556.64
	<u>5,038.22</u>	<u>9,622.29</u>
(iv) Finance Guarantee provided by:		
Solvay SA	5,500.00	5,500.00

Note 38

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. During the current year, the Company recognised ₹ 23.82 Lakhs (Year ended 31 March 2019 ₹ 23.17 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 lump sum 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 or on death.

Notes forming part of the financial statements for the year ended 31 March 2020

(Currency: Indian Rupees in Lakhs)

(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.

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

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Gratuity:		
1. Change in present value obligation:		
Present value of defined benefit obligation at the beginning of the year	116.87	144.21
Current Service Cost	9.05	9.75
Interest Cost	8.27	10.22
Actuarial (gains)/losses		
Actuarial (gains)/losses arising from changes in demographic assumption	—	0.01
Actuarial (gains)/losses arising from changes in financial assumption	12.28	—
Actuarial (gains)/losses arising from changes in experience adjustment	(3.24)	6.17
Benefits Paid	(6.90)	(60.14)
Liabilities assumed/(settled)	—	6.65
Present value of defined benefit obligation at the end of the year	<u>136.33</u>	<u>116.87</u>
2. Changes in Fair value of Plan Assets		
Fair value of plan assets at the beginning of the year	121.83	111.05
Expected Return on Plan Assets	9.39	6.32
Actuarial (gains)/losses	(3.74)	1.98
Employer's Contributions	—	62.62
Benefits Paid	(6.90)	(60.14)
Fair value of plan assets at the end of the year	<u>120.58</u>	<u>121.83</u>
3. Net Benefit (Asset)/Liability		
Present value of funded defined benefit obligation	136.33	116.87
Fair value of plan assets	120.58	121.83
Net Benefit (Asset)/Liability	<u>15.75</u>	<u>(4.96)</u>
4. Expenses recognised in the Statement of Profit and Loss		
Current Service Cost	9.05	9.75
Interest cost on benefit obligation (net)	(1.13)	3.89
Liabilities assumed/(settled)	—	6.65
Total Expenses recognised in the Statement of Profit and Loss	<u>7.92</u>	<u>20.29</u>
5. Remeasurement Effects Recognised in Other Comprehensive Income		
Actuarial (gains)/losses arising from changes in demographic assumption	—	0.01
Actuarial (gains)/losses arising from changes in financial assumption	12.28	—
Actuarial (gains)/losses arising from changes in experience adjustment	(3.24)	6.17
Return on plan asset	3.75	(1.98)
Recognised in Other Comprehensive Income	<u>12.79</u>	<u>4.20</u>



Notes forming part of the financial statements for the year ended 31 March 2020

(Currency: Indian Rupees in Lakhs)

6. Actuarial Assumptions

Discount Rate	6.05%	7.55%
Salary Escalation Rate	8%	8%
Retirement age	60	60
Attrition:		
21 - 44 years	12%	12%
45 years & above	2%	2%
Mortality tables	Indian Assured Lives Mortality (2006-08)Ult	Indian Assured Lives Mortality (2006-08)Ult

7. Estimated amounts of contribution in the immediate next year

20.00 20.00

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 2020	For the year ended 31 March 2019
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 2020		For the year ended 31 March 2019	
	Amount	%	Amount	%
(i) Discount rate (25 basis points)				
Increase	(2.95)	(2.16%)	(2.40)	(2.05%)
Decrease	3.05	2.24%	2.48	2.12%
(ii) Future salary escalation rate (25 basis points)				
Increase	3.00	2.20%	2.46	2.11%
Decrease	(2.92)	(2.14%)	(2.39)	(2.05%)

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.

12. Defined benefit obligation - Average duration

The weighted average duration of the defined benefit obligation is 8.81 years (31 March 2019: 8.35 years).

13. Other long term employee benefits

Compensated absences are payable to employees. The charge towards compensated absences for the year ended 31 March 2020 based on actuarial valuation using the projected accrued benefit method is ₹ 7.37 Lakhs (31 March 2019: ₹ 5.91 Lakhs).

Notes forming part of the financial statements for the year ended 31 March 2020

(Currency: Indian Rupees in Lakhs)

Note 39

Earnings Per Equity Share

		For the year ended 31 March 2020	For the year ended 31 March 2019
(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	₹	10	10
(c) Net Profit attributable to equity shareholders	₹ in Lakhs	64.36	22.26
(d) Earnings per share (basic and diluted)	₹	0.88	0.30

Note 40

Exceptional item:

	For the year ended 31 March 2020	For the year ended 31 March 2019
The Company, to improve the efficiency in operations, offered Voluntary Retirement Scheme ("Scheme") to all eligible employees. Few employees have availed the benefit of the scheme during the current year. The total impact on account of the payment under the scheme is shown as an exceptional item in the statement of profit and loss.	103.63	173.57

Note 41

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	As at 31 March 2020	As at 31 March 2019
Financial assets		
Measured at fair value through profit or loss (FVTPL):		
(a) Other financial assets - Derivative Asset	—	26.31
Measured at amortised cost		
(a) Trade receivables	2,824.26	2,658.06
(b) Cash and cash equivalents	105.00	187.08
(c) Loans	15.81	19.74
(d) Other financial assets	32.81	32.76
Financial liabilities		
Measured at fair value through profit or loss (FVTPL):		
(a) Other financial liabilities - Derivative Liability	—	—
Measured at amortised cost		
(a) Borrowings	10,972.81	11,323.40
(b) Trade payables	2,231.58	2,039.06
(c) Other financial liabilities	81.48	175.21



Notes forming part of the financial statements for the year ended 31 March 2020

(Currency: Indian Rupees in Lakhs)

(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 assets and financial liabilities that are measured at fair value on a recurring basis.

Some of the Company's financial assets and 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).

Financial Assets and Financial Liabilities	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)
	31 March 2020	31 March 2019		
Derivative Assets – Principal Swap	—	26.31	Level 2	The fair value is determined using quotes from Banks and financial institutions with whom the Company contracts.
Derivative Liabilities – Principal Swap	—	—		

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 and other financial liabilities. 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 Directors 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.

For financial assets in the form of cash and cash equivalents, loans and other financial assets, the Company has assessed the change in counterparty credit risk due to COVID-19 and believe that the same are fully recoverable.

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. The Company establishes an allowance for doubtful debts and impairment that represents its estimate of incurred losses in respect of trade and other receivables.

Historical trends of impairment of trade receivables do not reflect any significant credit losses. The Company has further considered internal and external sources of information, specifically having regard to the current macro economic conditions and the global health pandemic to assess the impact on credit losses. Basis the information available as at the date of approval of these financial statements, the Company expects the historical trend of minimal credit losses to continue.

Notes forming part of the financial statements for the year ended 31 March 2020

(Currency: Indian Rupees in Lakhs)

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

	As at 31 March 2020	As at 31 March 2019
Neither past due nor impaired	2,284.28	2,367.42
Past due but not impaired		
Past due 1–90 days	515.14	275.44
Past due 91–180 days	—	7.39
Past due more than 180 days	24.84	7.81
	<u>2,824.26</u>	<u>2,658.06</u>

Expected credit loss assessment for customers as at 31 March 2019 and 31 March 2020

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

Balance as at 1 April 2018	24.06
Impairment loss recognised	—
Amounts written back	(20.93)
Balance as at 31 March 2019	<u>3.13</u>
Impairment loss recognised	5.11
Amounts written back	(2.50)
Balance as at 31 March 2020	<u>5.74</u>

Cash and cash equivalents

The Company held cash and cash equivalents with credit worthy banks and financial institutions of ₹ 105.00 Lakhs as at 31 March 2020. (₹ 187.08 Lakhs as at 31 March 2019).

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.

(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 access to funds from group companies in the form of long/short term borrowings and external commercial borrowings. The company also has various working capital facilities from banks.

Exposure to liquidity risk

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

As at 31 March 2020	Carrying amount	Total	Contractual cash flows			
			1 year or less	1-2 years	2-5 years	More than 5 years
Borrowings	10,972.81	10,972.81	5,972.81	5,000.00	—	—
Trade and other payables	2,231.58	2,231.58	2,231.58	—	—	—
Other financial liabilities	81.48	81.48	81.48	—	—	—



Notes forming part of the financial statements for the year ended 31 March 2020

(Currency: Indian Rupees in Lakhs)

As at 31 March 2019	Carrying amount	Total	Contractual cash flows			
			1 year or less	1-2 years	2-5 years	More than 5 years
Borrowings	11,323.40	11,174.34	9,300.52	1,873.82	—	—
Trade and other payables	2,039.06	2,039.06	2,039.06	—	—	—
Other financial liabilities	175.21	175.21	175.21	—	—	—

Financing facilities

Particulars	As at 31 March 2020	As at 31 March 2019
Unsecured bank overdraft facility, reviewed annually and payable at call:		
— amount used	2,734.59	1,701.11
— amount unused	1,765.41	2,798.89
	4,500.00	4,500.00

(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, considers the usage of foreign exchange derivative instruments primarily to hedge foreign exchange exposure. The Company does not use derivative financial instruments for trading or speculative purposes.

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 2020		31 March 2019	
	FC	INR	FC	INR
Borrowings				
External Commercial Borrowings (ECB)				
USD	—	—	55,93,683	3,875.02
Interest accrued but not due on ECB				
USD	—	—	9,83,932	681.62
Trade receivables				
EUR	2,85,788	236.83	3,37,086	264.58
USD	11,65,084	8,814.00	10,37,232	722.44
Trade payables				
EUR	—	—	1,05,289	79.61
USD	6,36,021	458.56	7,98,954	555.52

Notes forming part of the financial statements for the year ended 31 March 2020

(Currency: Indian Rupees in Lakhs)

Particulars	31 March 2020		31 March 2019	
	FC	INR	FC	INR
Net statement of financial position exposure				
EUR	(2,85,788)	(236.83)	(2,31,797)	(184.97)
USD	(5,29,063)	(8,355.44)	63,39,338	4,389.71
Principal swap				
USD (@closing rate)	—	—	55,93,683	3,875.02
Net exposure				
EUR	(2,85,788)	(236.83)	(2,31,797)	(184.97)
USD	(5,29,063)	(8,355.44)	7,45,655	514.69

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.

Effect	Profit or loss		Equity	
	Strengthening	Weakening	Strengthening	Weakening
31 March 2020				
EUR	23.68	(23.68)	23.68	(23.68)
USD	835.54	(835.54)	835.54	(835.54)
31 March 2019				
EUR	18.50	(18.50)	18.50	(18.50)
USD	(51.47)	51.47	(51.47)	51.47

(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 variable rate borrowings from related party.

Particulars	Nominal amount	
	31 March 2020	31 March 2019
Borrowings		
Fixed rate borrowings	10,972.81	6,766.76
Variable rate borrowings	—	4,556.64
	<u>10,972.81</u>	<u>11,323.40</u>

Interest rate sensitivity - fixed rate instruments

The company's fixed rate borrowings are carried at amortised cost. They are therefore not materially subject to interest rate risk as defined in IND AS 107, since neither the carrying amount nor the future cash flow will materially 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 analyses 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 31 March 2020

(Currency: Indian Rupees in Lakhs)

	Profit or loss		Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
As at 31 March 2020				
ECB	—	—	—	—
sensitivity (net)	—	—	—	—
As at 31 March 2019				
ECB	(45.57)	45.57	(45.57)	45.57
Sensitivity (net)	(45.57)	45.57	(45.57)	45.57

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

Note 42

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of inventories, receivables and other assets. In assessing the recoverability of the assets, the Company has considered internal and external sources of information, available as at the date of approval of these financial results, including subsequent recoveries, credit risk profile, macroeconomic forecasts, latest selling prices of products, orders on hand, margins etc. Based on the above assessment, the Company is of the view that the carrying amounts of the assets will be realised. The impact of COVID-19 on the Company's financial statements may be different from that estimated as at the date of approval of these financial statements, and the Company will continue to closely monitor the developments.

Note 43

Approval of financial statements

The financial statements were approved for issue by the board of directors on 29 June 2020.

For and on behalf of the Board of Directors

Sunshield Chemicals Limited

R. L. Shenoy
Chairman
(DIN 00074761)

Ajit Shah
Director
(DIN 02396765)

Manoj Khullar
Managing Director
(DIN 06415392)

Sandeep Kulkarni
Chief Financial Officer

Amit Kumashi
Company Secretary

Place : Mumbai
Date : 29 June 2020

NOTES

A series of horizontal dotted lines for taking notes.

If undelivered, please return to :

Sunshield Chemicals Limited

Equinox Business Park

Tower-4, 9th Floor, Unit no 903

LBS Marg, Kurla (West)

Mumbai-400 070.

CIN: L99999MH1986PLC041612