

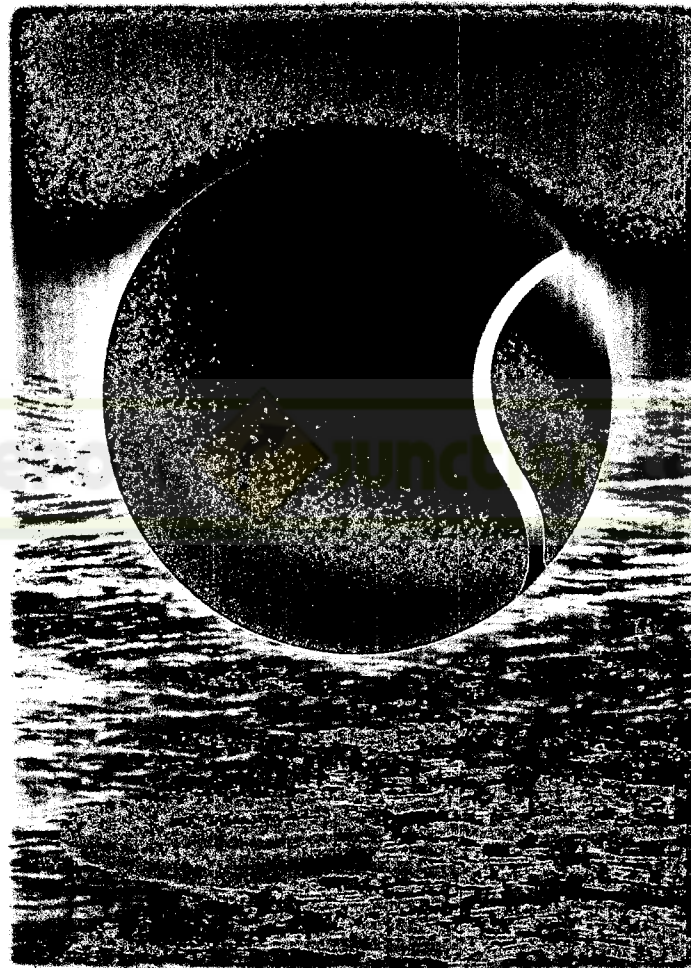
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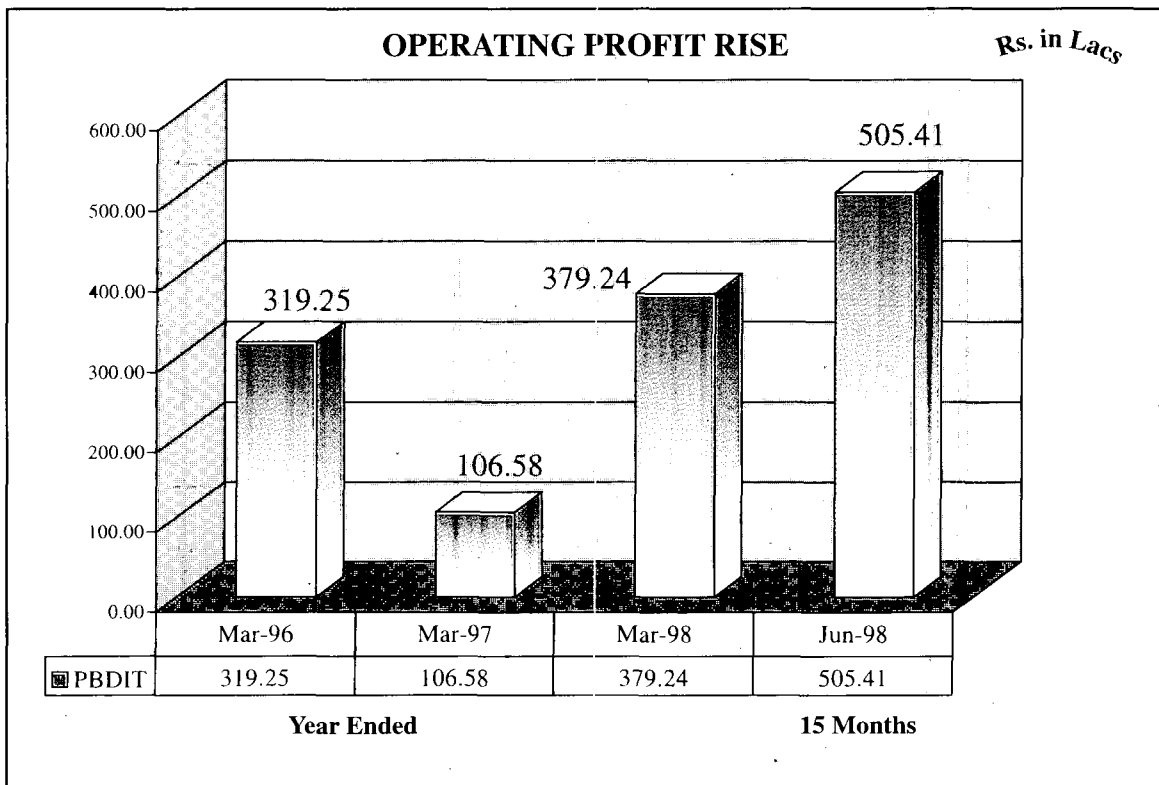
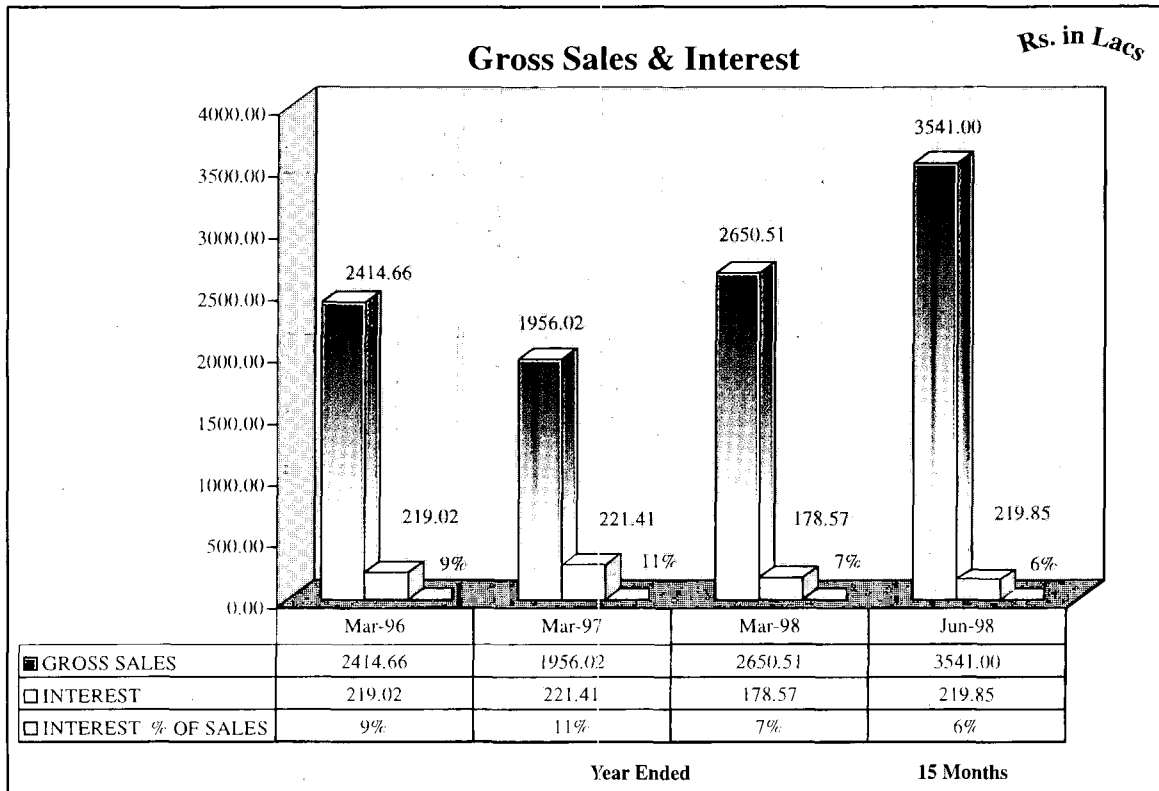
SUNSHIELD
CHEMICALS LTD.

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SUNSHIELD CHEMICALS LTD.



SUNSHIELD CHEMICALS LTD.

REGD. OFFICE : JANKI NIWAS, N. C. KELKAR ROAD, DADAR, MUMBAI 400 028.

BOARD OF DIRECTORS

Mr. Patwardhan Vinaykumar

Chairman

Mr. Datar A. R.

Mr. Junnarkar S. H.

Mr. Kale M. D.

Mr. Kelkar Satish M.

Vice Chairman & Managing Director

Mr. Patwardhan A. M.

Auditors

M/s. Tembey & Mhatre
Chartered Accountants

REGISTERED OFFICE

Janki Niwas, N. C. Kelkar Road,
Dadar, Mumbai 400 028.
Tel. : 430 1454.
Fax : 430 7094

Bankers

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

SALES & MARKETING OFFICE

Yudhishtir, Ganesh Peth Lane,
Dadar, Mumbai 400 028.
Tel. : 431 3265 / 436 1791

Solicitors

M/s. Kanga & Company

FACTORY / R & D CENTRE

Pali-Khopoli Road, Village Rasal,
Taluka Sidhagad, Dist Raigad,
Maharashtra.
Tel. : (02142) 42226

SUNSHIELD CHEMICALS LTD.

NOTICE

NOTICE is hereby given that the Twelfth Annual General Meeting of the Members of Sunshield Chemicals Limited will be held on Monday, 28th September, 1998 at 3.00 p.m. at Karnataka Sangha Hall, T. H. Kataria Marg, Matunga, Mumbai-400 016 to transact the following business.

ORDINARY BUSINESS :

1. To consider and adopt the Profit and Loss Account for the 15 month period ended 30th June, 1998, the Balance Sheet as at that date and the Reports of Directors' and Auditors' thereon.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Mr. Ashok R. Datar, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Madhav D. Kale, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint M/s. Tembey & Mhatre, Chartered Accountants, Mumbai as auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their remuneration.

By Order of the Board of Directors
For SUNSHIELD CHEMICALS LIMITED

Sd/-

Abhay S. Khare
Company Secretary

Mumbai : 17th August, 1998

Registered Office :
Janki Niwas,
N. C. Kelkar Road,
Dadar, Mumbai 400 028.

SUNSHIELD CHEMICALS LTD.

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
2. The instrument appointing proxy should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
3. The Register of Members and the Share Transfer Books will remain closed from Saturday, 12th September, 1998 to Monday, 28th September, 1998 (both days inclusive)
4. Members are requested to intimate the change in their addresses, if any, to the Company at its Registered Office at Janki Niwas, N. C. Kelkar Road, Dadar, Mumbai 400 028.
5. Dividend will be paid to those shareholders whose names will appear on the Register of Members on 28th September, 1998.
6. Members desirous of obtaining any information as regards Accounts and operations of the Company are requested to send queries in writing to the Company at its Registered Office so as to reach at least seven days before the date of the meeting.
7. Copies of the Annual Report will not be distributed at the meeting. Members are requested to bring their own copies of the Annual Report.
8. The Company has taken over the share transfer work from its Registrar and Transfer Agents, M/s. Nucleus Share Custodian Services Ltd. and is doing the same in house. Investors are therefore requested to send the share for transfer and any other correspondence to the Company at its Registered Office.

SUNSHIELD CHEMICALS LTD.**DIRECTORS' REPORT**

Dear Shareholders,

Your Directors are pleased to submit their Report and Accounts for the period ended on 30th June, 1998.

Accounts	Rs. in Crores		
	1996 - 97 (12 months) April '96-March'97	1997 - 98 (15 months) April '97-June '98	1997-98 (12 months) Annualised *
Total Income	19.74	35.59	28.47
Less : Manufacturing & Other Expenses	18.92	31.70	25.36
Operating Profits (PBIDT)	0.82	3.89	3.11
Profit on Sale of Assets	0.24	1.16	0.93
Total Operating Profits	1.06	5.05	4.04
Less :			
Interest	2.21	2.20	1.76
Depreciation	0.84	1.01	0.80
Profit before Tax	(1.99)	1.84	1.48
Provision for Tax	-	0.05	0.04
Profit after Tax	(1.99)	1.79	1.44
Less : Increase/(Decrease) In amount required to be provided as provision for Deferred Sales Tax.	(0.26)	(0.41)	(0.33)
Add / (subtract) Items related to previous year	(0.04)	0.44	0.35
Amount available for Appropriation	(2.29)	1.82	1.46
Less :			
1. Miscellaneous Expenses	-	-	-
2. Transfer to General Reserve	-	0.09	0.07
3. Proposed Dividend inclusive of Dividend Tax	-	0.61	0.48
4. Tax provision for previous years	-	-	-
	(2.29)	1.12	0.91
Add.: Balance brought forward	0.37	(1.92)	(1.92)
Balance to be carried forward	(1.92)	(0.80)	(1.01)

* Pro-rata basis for reasonable comparison.

SUNSHIELD CHEMICALS LTD.**1. Change of Accounting Year**

The Company's Accounts are for a period of 15 months starting from 1st April, 1997 ending on 30th June '98. The extension of Accounting Period upto 30th June, 1998 was made to incorporate the material fact of the Company having implemented its decision of spinning off Nonyl / Dodecyl Phenol business to the Joint Venture Company (JVC) on 11th June, 1998.

2. Operations

This report pertains to accounting year 1997 - 98 which reflects operations of 15 months. Therefore, the figures are not comparable. Annualised figures for 1997 - 98 are given in brackets.

Highlights

⊗ **Industrial Relations**

Your Board is happy to inform that during the period of September '97 to March '98 all the Unionised Employees of the Company entered into amicable settlements for a period of 3 years ending between August 2000 and February 2001.

We are sure that all the members would like to congratulate the Unionised employees to have signed a mutually beneficial settlement which is bound to result into overall growth of the Company thereby of all its Employees, Associates, Shareholders etc.

The Board places on record its deep gratitude to the dedicated team of Managers and Other Non Striking Employees at all levels for helping your Company to pass through roughest storm caused by prolonged industrial disturbance.

⊗ **Gross Sales :**

Went up from Rs. 19.56 crores to Rs. 35.41 crores (Rs. 28.32 crores) - growth of 81% (45%).

⊗ **Operating Profits :**

Profit before Depreciation, Interest and Tax went up from Rs. 1.06 crores in 1996-97 to Rs. 5.05 crores (Rs. 4.04 crores).

Operating Profits of Rs. 5.05 crores includes Profit on Sale of Nonyl / Dodecyl Phenol Assets of Rs. 1.16 crores and thus Operating Profits from operations were Rs.3.89 crores (Rs. 3.11 crores) against previous years Rs. 0.82 crores.

⊗ **Interest**

The Interest cost on increased turnover of the Company (Rs. 35.41 crores against Rs. 19.56 crores) remained at about Rs. 2.20 crores (Rs. 1.76 crores). On an Annualised basis, on a turnover of Rs. 28.32 crores, interest cost went down from Rs. 2.21 to Rs. 1.76 crores.

This was on account of reduction in interest rates of Banks and Financial Institutions, normalised operation during the year resulted in Non-Penal Interest Rates of Banks and Financial Institutions and because of not taking extended credit from Suppliers like in 1996 - 97.

SUNSHIELD CHEMICALS LTD.

- **Profit before Depreciation**

Against a cash loss of Rs. 1.15 crores in 1996 - 97, your Company has made a Profit Before Depreciation and Tax of Rs. 2.85 crores (Rs. 2.28 crores). After adjusting for Profit on Sale of Assets, the Profit Before Depreciation is Rs. 1.69 crores (Rs. 1.35 crores) from the operations.

- **Profit after Tax**

Against a loss of Rs. 1.99 crores in 1996 - 97, your Board is happy to report Profit After Tax of Rs. 1.79 crores (Rs. 1.44 crores).

- **Dividend**

Your Directors are pleased to recommend a Dividend of Rs. 1.50 per Equity Share on 36,76,530 Equity Shares of face value of Rs. 10/- each. The total dividend thus recommended aggregates to Rs. 55.14 lacs.

The dividend accounts for only 1/3rd of the amounts available for appropriation, the balance 2/3rd is transferred to reserves which has brought down the loss carried forward of 1996-97 to more than 1/2 i.e. from Rs. 1.92 crores to Rs. 80 lacs.

- a. **New Product Development**

The Company has been successful in introducing Speciality Chemicals for Recycled Paper Manufacturing Industry and Key Antioxidants in the field of Plastics, Polymer, Rubber and Latex Industries. Now that the Company is getting the world's largest manufacturer, namely Schenectady International Inc. USA as its JV partner for the business of Alkyl Phenols, this gives the Company a sound background in the International Markets as also an opportunity to do successful business with prime customers in the Indian Markets. The Company is moving forward to further develop new products in the area of Speciality Chemicals for diversified Industry.

- b. **Export of Speciality Chemicals**

The Company is proud to report repeat orders for the export of a specially developed Speciality Chemical formulation for prestigious customer outside India. The Company is looking forward to such export opportunities because of its interaction having started with the world leader in the Alkyl Phenols business.

- **JV with Schenectady International Inc. (SII), USA**

The JV between SII and the Company was activated effective 11th June, 1998 through an earlier Subsidiary of the Company namely, Sunshield Organics Ltd. (SOL) which after completion of allotment of equity has ceased to be the Subsidiary of the Company.

- **Benefits of JV to the company**

The benefit that will be derived by the Company of this JV will be:

- a. Access to global markets and interaction with global exports in the field will make your

SUNSHIELD CHEMICALS LTD.

Company further acceptable as a manufacturer of Speciality Chemicals with diversified resources and International reach.

- b. Development of new Speciality Chemicals for diversified Industries based on Alkyl Phenols sourced from the JV next doors.
- c. Reduction of load of Interest on Speciality Chemical business due to complete pre-payment of all the loans to Financial Institutions like ICICI, IDBI and SICOM. The Term Loans outstanding by now is only about Rs. 1 crore against previous year's Rs. 6.5 crores.
- d. A new Income stream being generated for the Company in the form of return on Promoter Loans and equity provided by the Company to the JV Company.

⊙ **Directors**

During the year under review, SICOM Ltd withdrew the nomination of Mr. A.E. Medhora and nominated Mr. A. D. Joshi. Mr. A. D. Joshi's nomination was also subsequently withdrawn on pre-payment of all its outstanding Term Loans. Similarly, The Industrial Credit & Investment Corporation of India Ltd withdrew the nomination of Mr. T. Raghavendran on pre-payment of all its outstanding Term Loans. Mr. A. N. Taskar ceased to be an Alternate Director to Mr. Vinaykumar Patwardhan. The Company places on record its sincere appreciation for the valuable guidance given by these Directors during their tenures as Directors of the Company.

In accordance with the provisions of the Companies Act, 1956, read with Article 166 of the Articles of Association of the Company, Mr. Ashok R. Datar and Mr. M. D. Kale, Directors of the Company, retire by rotation, and being eligible, offer themselves for re-appointment.

⊙ **Fixed Deposits**

As at the end of the Financial Period, Fixed Deposits amounting to Rs. 12,000/- were outstanding which included an unclaimed deposit of Rs. 7,000/-. The same has since been claimed and paid.

⊙ **Auditors**

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

⊙ **Particulars of Employees**

Information as per Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 forms part of this Report. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and Accounts are being sent to all shareholders of the Company excluding the statement of particulars of employees under Section 217 (2A) of the Act. Any shareholder interested in obtaining a copy of the statement may write to the Secretary at the Registered Office of the Company.

SUNSHIELD CHEMICALS LTD.

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

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

- **Appreciation**

The Board of Directors places on record its sincere gratitude and appreciation for the unstinted support, co-operation and dedication of the employees at all levels and for the support given by Customers, Suppliers, Bankers, Financial Institutions, Shareholders, Stock Exchanges, Employee Unions and Other Government Agencies/ Authorities.

BY ORDER OF THE BOARD
FOR SUNSHIELD CHEMICALS LIMITED

Sd/-

(SATISH M. KELKAR)
Vice Chairman & Managing Director

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Place : Mumbai
Date : 17th August, 1998