



# **SUNSHIELD CHEMICALS LTD.**

**18TH ANNUAL REPORT  
FOR THE YEAR ENDED ON 31ST MARCH, 2005**



# **SUNSHIELD**

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## **CHEMICALS LTD.**

### **BOARD OF DIRECTORS**

Mr. Amit C. Choksey Chairman  
Mr. Ashok Datar  
Mr. Bipin Jhaveri  
Mr. Kaushik Shanghvi  
Mr. Manubhai Patel  
Mr. Sandeep Junnarkar  
Mr. Satish Kelkar Vice Chairman & Managing Director

### **Compliance Officer**

Mr. Rajeev Gupte

### **Auditors**

M/s. Tembey & Mhatre  
Chartered Accountants

### **Bankers**

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

### **Solicitors**

M/s. Junnarkar & Associates

### **REGISTERED OFFICE**

Janki Niwas, N.C.Kelkar Road,  
Dadar, Mumbai – 400 028.  
Tel. : 2430 1454, 2430 1057, 2430 8261  
Fax.: 2430 7094

### **FACTORY / R & D CENTRE**

Pali – Khopoli Road, Village Rasal,  
Taluka Sudhagad, Dist. Raigad,  
Maharashtra.  
Tel.: (02142) 242226

### **REGISTRAR AND SHARE TRANSFER AGENT**

Tata Share Registry Ltd.  
Army and Navy Building,  
148, Mahatma Gandhi Road,  
Mumbai – 400 001  
Tel. 022-56568484

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**NOTICE**

NOTICE is hereby given that the Eighteenth Annual General Meeting of the Members of Sunshield Chemicals Limited will be held on 29<sup>th</sup> July 2005, Friday at 11.00 A.M. at M. C. Ghia Hall, Boghila Hargovindas Building, 2<sup>nd</sup> Floor, 18/20, K. Dubash Marg, Kala Ghoda, Mumbai - 400 023 to transact the following business:-

**ORDINARY BUSINESS:**

1. To consider and adopt the Profit and Loss Account for the year ended 31<sup>st</sup> March, 2005, the Balance Sheet as at that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Sandeep H. Junnarkar, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint M/s. Tembey & Mhatre, Chartered Accountants, Mumbai as Auditors of the Company 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.

**SPECIAL BUSINESS:**

4. To appoint Director a in place of Mr. Amit C. Choksey who was appointed as an Additional Director of the Company by the Board of Directors of the Company at the Board Meeting held on 21<sup>st</sup> April, 2005, and who holds office upto conclusion of forthcoming Annual General Meeting pursuant to Section 260 of the Companies Act, 1956 and Article 161 of the Articles of Association of the Company, who is eligible for appointment and in respect of whom the Company has received notice in writing proposing his candidature for the office of Director pursuant to Section 257 of the Act.
5. To appoint Director a in place of Mr. Bipin Jhaveri who was appointed as an Additional Director of the Company by the Board of Directors of the Company at the Board Meeting held on 21<sup>st</sup> April, 2005, and who holds office upto conclusion of forthcoming Annual General Meeting pursuant to Section 260 of the Companies Act, 1956 and Article 161 of the Articles of Association of the Company, who is eligible for appointment and in respect of whom the Company has received notice in writing proposing his candidature for the office of Director pursuant to Section 257 of the Act.
6. To appoint Director a in place of Mr. Manubhai Patel who was appointed as an Additional Director of the Company by the Board of Directors of the Company at the Board Meeting held on 21<sup>st</sup> April, 2005, and who holds office upto conclusion of forthcoming Annual General Meeting pursuant to Section 260 of the Companies Act, 1956 and Article 161 of the Articles of Association of the Company, who is eligible for appointment and in respect of whom the Company has received notice in writing proposing his candidature for the office of Director pursuant to Section 257 of the Act.
7. To appoint Director a in place of Mr. Kaushik Shanghvi who was appointed as an Additional Director of the Company by the Board of Directors of the Company at the Board Meeting held on 21<sup>st</sup> April, 2005, and who holds office upto conclusion of forthcoming Annual General Meeting pursuant to Section 260 of the Companies Act, 1956 and Article 161 of the Articles of Association of the Company, who is eligible for appointment and in respect of whom the Company has received notice in writing proposing his candidature for the office of Director pursuant to Section 257 of the Act.

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

Satish M. Kelkar  
Vice Chairman and Managing Director

Mumbai, 16<sup>th</sup> May, 2005.

**NOTES:**

1. A member of the Company 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 of the Company.
2. The instrument appointing proxy in order to be effective 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 of the Company will remain closed from 12<sup>th</sup> July, 2005 to 20<sup>th</sup> July, 2005 (both days inclusive).
4. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to send their queries in writing to the Compliance Officer of the Company at its Registered Office so as to reach at least seven days before the date of the meeting.
5. Members are requested to bring their own copies of the Annual Report. Copies will not be distributed at the Meeting.
6. Members are requested to send their demat/remat applications, request for share transfers, intimation of change of address and other correspondence to the Company's Registrar & Transfer Agents, M/s. Tata Share Registry Ltd. having its Office at Army & Navy Building, 148, M.G. Road, Fort, Mumbai - 400 001.
7. Members who have not yet encashed their dividend warrants for the Financial Year 1997-98, may approach the Company for revalidation / issue of duplicate warrant.

By Order of the Board  
For **SUNSHIELD CHEMICALS LTD.**

Satish M. Kelkar  
Vice Chairman and Managing Director

Place: Mumbai.

Date: 16<sup>th</sup> May, 2005.

Registered Office:

Janki Niwas, N.C. Kelkar Road,  
Dadar, Mumbai - 400 028.

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**EXPLANATORY STATEMENT**

**As required by Section 173 of the Companies Act, 1956 the following explanatory statement set out all material facts relating to the business mentioned under item Nos. 4, 5, 6 and 7 of the accompanying Notice dated 16<sup>th</sup> May, 2005.**

**Item No. 4**

Mr. Amit C. Choksey, was appointed as an Additional Director on the Board of Directors of the Company with effect from 21<sup>st</sup> April 2005. In accordance with the provisions Section 260 of the Companies Act, 1956, Mr. Amit C. Choksey holds office only upto the date of the forthcoming Annual General Meeting of the Company. As required by Section 257 of the Companies Act, 1956, notice has been received from a member proposing Mr. Amit C. Choksey as a candidate for the office of Director.

Mr. Amit Choksey, aged 50, is Chairman & Managing Director of Mazda Colours Limited and is from the well-known "Choksey family", the original and ex-founder promoters of Asian Paints. Mr. Amit Choksey is Honourary Counsel for Slovak Republic in Mumbai and in control of Aeonian Investments Company Ltd. – a listed investment Company. In addition, he established Choksey Chemicals Private Limited, a manufacturer of construction chemicals and speciality water proofing compounds and has substantial interest in some companies in the field of investments.

The Board considers it desirable that the Company continues to avail of services of Mr. Amit C. Choksey and accordingly the Directors recommend that he be appointed as Director of the Company.

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**SUNSHIELD CHEMICALS LIMITED**

Other than Mr. Amit C. Choksey, none of the other Directors, are in any way, concerned or interested in his appointment.

**Item No. 5**

Mr. Bipin Jhaveri, was appointed as an Additional Director on the Board of Directors of the Company with effect from 21<sup>st</sup> April 2005. In accordance with the provisions Section 260 of the Companies Act, 1956, Mr. Bipin Jhaveri holds office only upto the date of the forthcoming Annual General Meeting of the Company. As required by Section 257 of the Companies Act, 1956, notice has been received from a member proposing Mr. Bipin Jhaveri as a candidate for the office of Director.

Mr. Bipin Jhaveri, a qualified Company Secretary & Chartered Accountant by profession. He retired as Senior General Manager and Company Secretary of an Indian multinational company in the field of paints, having worked there for about 40 years.

The Board considers it desirable that the Company continues to avail of services of Mr. Bipin Jhaveri and accordingly the Directors recommend that he be appointed as Director of the Company.

Other than Mr. Bipin Jhaveri, none of the other Directors, are in any way, concerned or interested in his appointment.

**Item No. 6**

Mr. Manubhai Patel, was appointed as an Additional Director on the Board of Directors of the Company with effect from 21<sup>st</sup> April 2005. In accordance with the provisions Section 260 of the Companies Act, 1956, Mr. Manubhai Patel holds office only upto the date of the forthcoming Annual General Meeting of the Company. As required by Section 257 of the Companies Act, 1956, notice has been received from a member proposing Mr. Manubhai Patel as a candidate for the office of Director.

Mr. Manubhai Patel is an experienced Chartered Accountant practicing in Ahmedabad in the areas of accounting, audit, taxation, general management. He was a member of The Central Council of The Institute of Chartered Accountants of India and had served several Central Government Committees on Accounting and Taxation.

The Board considers it desirable that the Company continues to avail of services of Mr. Manubhai Patel and accordingly the Directors recommend that he be appointed as Director of the Company.

Other than Mr. Manubhai Patel, none of the other Directors, are in any way, concerned or interested in his appointment.

**Item No. 7**

Mr. Kaushik Shanghvi, was appointed as an Additional Director on the Board of Directors of the Company with effect from 21<sup>st</sup> April 2005. In accordance with the provisions Section 260 of the Companies Act, 1956, Mr. Kaushik Shanghvi holds office only upto the date of the forthcoming Annual General Meeting of the Company. As required by Section 257 of the Companies Act, 1956, notice has been received from a member proposing Mr. Kaushik Shanghvi as a candidate for the office of Director.

Mr. Kaushik Shanghvi, a Mechanical Engineer from VJTI and a experienced businessman.

The Board considers it desirable that the Company continues to avail of services of Mr. Kaushik Shanghvi and accordingly the Directors recommend that he be appointed as Director of the Company.

Other than Mr. Kaushik Shanghvi, none of the other Directors, are in any way, concerned or interested in his appointment.

By Order of the Board  
**For SUNSHIELD CHEMICALS LTD.**

Satish M. Kelkar  
Vice Chairman and Managing Director

Place: Mumbai.

Date: 16<sup>th</sup> May, 2005.

**Details of the Directors seeking appointment / re-appointment in forthcoming Annual General Meeting**  
(in pursuance of Clause 49 of the Listing Agreement)

Name of the Director	Mr. Amit C. Choksey	Mr. Bipin Jhaveri	Mr. Manubhai Patel	Mr. Kaushik Shanghvi	Mr. Sandeep Junnarkar
Date of Birth	14.10.1954	10.11.1938	28.07.1934	26.10.1956	02.07.1951
Date of appointment	21.04.2005	21.04.2005	21.04.2005	21.04.2005	27.02.1992
Qualifications	B.Com.	B.A.,B.Com.,FCA, FCS	CA	B.E.(Mech.)	B.Sc.(Hons.); L.L.B.; Solicitor
List of Public Companies in which outside Directorships held on 31 <sup>st</sup> March, 2005	<ul style="list-style-type: none"> <li>◆ Aeonian Invest. Co. Ltd.</li> <li>◆ Mazda Colours Ltd.</li> <li>◆ Apcotex Lattices Limited</li> <li>◆ Cons Holdings Limited</li> <li>◆ Sammelan Investments &amp; Trading Limited</li> </ul>	<ul style="list-style-type: none"> <li>◆ Apcotex Securities Ltd.</li> <li>◆ Apcotex Lattices Ltd.</li> <li>◆ Balasesh Leafin Ltd.</li> <li>◆ Mazda Colours Ltd.</li> <li>◆ Nurture Finance Ltd.</li> <li>◆ Shyamal Finvest (India) Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>◆ Gujarat State Fin. Services Ltd.</li> <li>◆ Apcotex Lattices Ltd.</li> <li>◆ Aeonian Invest. Co.Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>◆ Balasesh Leafin Ltd.</li> <li>◆ Apcon Enterprises Ltd.</li> <li>◆ Shyamal Finvest (India) Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>◆ Ambuja Cement Eastern Ltd.</li> <li>◆ Excel Crop Care Ltd.</li> <li>◆ IL&amp;FS Infrastructure Development Corp. Ltd.</li> <li>◆ Indian Petrochemicals Corp. Ltd.</li> <li>◆ Jai Corp Ltd.</li> <li>◆ Reliance Capital Ltd.</li> <li>◆ Reliance Industrial Infrastructure Ltd.</li> <li>◆ Reliance Industrial Investments and Holdings Ltd.</li> <li>◆ Reliance Life Insurance Co. Ltd.</li> <li>◆ Reliance Ports and Terminals Ltd.</li> <li>◆ Sterlite Industries (India) Ltd.</li> <li>◆ Tilaknagar Industries Ltd.</li> <li>◆ Inter-connected Stock Exchange of India Ltd.</li> </ul>
Chairman / Member of the Committee of Board of Public Companies on which he / she is a Director as on 31 <sup>st</sup> March 2005		<p><b>Audit Committee:</b></p> <ul style="list-style-type: none"> <li>◆ Apcotex Lattices Ltd. – Member</li> </ul> <p><b>Shareholders' Grievance Committee:</b></p> <ul style="list-style-type: none"> <li>◆ Apcotex Lattices Ltd. – Member</li> </ul> <p><b>Remuneration Committee:</b></p> <ul style="list-style-type: none"> <li>◆ Apcotex Lattices Ltd. – Member</li> </ul>	<p><b>Audit Committee:</b></p> <ul style="list-style-type: none"> <li>◆ Apcotex Lattices Ltd. – Chairman</li> </ul> <p>◆ Gujarat State Fin. Services Ltd. – Chairman</p> <p><b>Shareholders' Grievance Committee:</b></p> <ul style="list-style-type: none"> <li>◆ Apcotex Lattices Ltd. – Chairman</li> </ul> <p>◆ Gujarat State Fin. Services Ltd. – Member</p> <p><b>Remuneration Committee:</b></p> <ul style="list-style-type: none"> <li>◆ Apcotex Lattices Ltd. – Member</li> </ul>		<p><b>Audit Committee: (Member)</b></p> <ul style="list-style-type: none"> <li>◆ Ambuja Cement Eastern Ltd.</li> <li>◆ Indian Petrochemicals Corp. Ltd.</li> <li>◆ Reliance Capital Ltd.</li> <li>◆ Reliance Industrial Investments and Holdings Ltd.</li> <li>◆ Reliance Industrial Investments and Holdings Ltd.</li> <li>◆ Sterlite Industries (India) Ltd.</li> <li>◆ Tilaknagar Industries Ltd.</li> </ul> <p><b>Shareholders' Grievance Committee:</b></p> <ul style="list-style-type: none"> <li>◆ Reliance Industrial Infrastructure Ltd. – Member</li> <li>◆ Sterlite Industries (India) Ltd. – Chairman</li> </ul> <p><b>Remuneration Committee:</b></p> <ul style="list-style-type: none"> <li>◆ Excel Crop Care Ltd – Member</li> <li>◆ Reliance Industrial Infrastructure Ltd. – Member</li> </ul>



## DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to submit their 18<sup>th</sup> Annual Report and Audited Accounts for the year ended 31<sup>st</sup> March, 2005.

### OPERATIONS ALONG WITH MANAGEMENT'S DISCUSSION & ANALYSIS OF PERFORMANCE OF THE COMPANY:

#### A) FINANCIAL RESULTS & REMARKS

Company's performance during the financial year 04-05, is compared herein below, with that of 15 months' period ending 31.03.2004. For more meaningful comparison, previous year's performance is annualised and given. Explanatory remarks/comments are given in the Remarks column.

#### FINANCIAL RESULTS & REMARKS

(Rs in lacs)

Sr. No.	Particulars	Audited Financial Year		Annualized		% Change Over Pre.Year	Remarks
		15 Months Pre.Year 31.03.2004	12 Months Curr.Year 31.03.2005	Pre.Year	12 Months Curr.Year		
	1	2	3	4	5	6	7
1	<b>Gross Sales</b>	2,400	2,125	1,920	2,125	↑ 12%	<b>Growth in Sales</b>
2	Net Sales excluding taxes, duties, etc.	1,984	1,770	1,587	1,770		
3	Production cost incl. Material Consumption	1,508	1,326	1,206 76%	1,326 75%		
4	<b>Gross Margin (2-3) % of Gross Margin on Net Sales</b>	477	444	381 24%	444 25%	↑ 16%	<b>Growth in gross margins</b>
5	Employee Cost	214	172	171	172	↑ 3%	Fixed cost increased less than % rise in sales /margin growth
6	Other Administrative Costs	120	105	96	105		
7	Total Fixed costs	334	277	267 17%	277 16%		
8	<b>Operating Profit (PBDIT) (4-7)</b>	143	167	114	167	↑ 46%	<b>Growth in Operating Profit</b>
9	<b>Interest</b> Interest Cost as % on Net Sales	136	117	109 7%	177 7%	← -	<b>Interest cost controlled</b> - in line with sale
10	Other Income	16	(5)	13	(5)		
11	<b>Cash Profit / (Loss) (8-9+10)</b>	23	45	18	45	↑ 144%	<b>Continued cash profit- though small, more than double growth gathering mass</b>
12	Depreciation	106	85	85	85		VRS & Profit Dev. cost apportioned
13	Amortisation	28	14	22	14		
14	<b>Net Profit/(Loss) - PBT</b>	(111)	(54)	(89)	(54)	↓ 40%	<b>Reduced loss after depreciation &amp; amortisation</b>
15	<b>Increased Provision for sales tax deferral effective 01.04.04 per AS-29</b>	*35	31	*28	31	↓ 27%	<b>Reduced loss after Sales Tax Deferral provision</b> *(To make figures comparable, provision has been shown as on 31.03.04 as if AS-29 was applicable even for earlier year-Please see Accounting note No.5 for details)
16	<b>PBT after AS-29 provision</b>	(146)	(85)	(117)	(85)		


**SUNSHIELD CHEMICALS LIMITED**

Operating profits during the year under review, increased from Rs. 114 lacs (annualised) in the previous year to Rs. 167 lacs, a growth of about 46%.

Out of the total sales of Rs. 21.25 crore, more than 70% of the sales were made to multinational companies and large Indian Corporates operating in the country. More recently, the Company has signed contracts with some of these companies for export of its products to their overseas plants.

Sizable efforts have been made by the management to develop speciality products for sale to and/ or processing for these companies. Business of these speciality products will over a period of time, substitute for Company's main business of Ethylene Oxide Condensates, which business became very competitive, with negligible margins.

#### **Change in the Method of Accounting:**

For compliance with Accounting Standard AS-29, the Company has changed its method of accounting "Sales Tax Deferral". Please refer to Note No.5 in Schedule 22 annexed to the Statement of Accounts, for the year ended 31<sup>st</sup> March, 2005, which explains the change adequately.

#### **Dividend:**

In view of losses, the Board of Directors do not recommend payment of dividend for the year ended on 31<sup>st</sup> March, 2005.

#### **Applicability of Section 23(1) of SICA Act 1985 along with Sections 2 (29A), 2 (46 AA), 424A of the Companies Act, 1956:**

As on 31<sup>st</sup> March, 2005, the carry forward loss of the Company was of the order of Rs.5.76 crores. As this loss is greater than 50% of the net worth, as computed under Section 2(29A) of the Companies Act, 1956, provisions of SICA for "potential sickness" are attracted.

Accordingly, your Directors will take appropriate measures required to be taken by the Company under Sick Industrial Companies (Special Provisions) Act, 1985 as amended from time to time.

The Company incurred these losses largely due to its commodity Ethylene Oxide business becoming very competitive, (though prices of Ethylene Oxide have been steeply rising) with the industry operating with negligible margins.

Your directors took number of steps for coming out of

the loss situation, like development of new Speciality products and processes; rationalising work force by introduction of VRS; processing waste for one of its client to draw out finished product etc. etc. During the year, these efforts have started showing results, by virtue of which, the Company could reduce its losses of the year as compared to that of the previous period.

More recently, with a view to attract further long term capital, for the revival of the Company, the Management invited Sri Amit Choksey and his associates to acquire from the existing promoters of the Company, 50.1% of the equity shareholding. After they completed all the formalities required under the Securities and Exchange Board of India (Substantial Acquisition of Shares & Takeovers) Regulation, 1997 and subsequent amendments thereto (the "SEBI Takeover Code"), which acquisition was completed on April 21, 2005.

The new promoters have already started infusing further funds in the Company.

#### **B) MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT:**

**(Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges)**

#### **Industrial Structure & Development:**

Your Company produces Ethylene Oxide (EO) based derivatives called Ethylene Oxide Condensates (EOC). For EOC industry, EO is a vital input. EO is a product manufactured by Petrochemical complexes manufacturing MEG - one of the key inputs of Polyester fiber. Major use of EO produced by these Petrochemical Complexes, is for captive consumption to manufacture MEG for Polyester fiber.

Based on the captive requirements and market conditions for MEG, petrochemical complexes allocate EO to EOC industry. Prices of EO for EOC industry in India, continued to rule high during the last 2/3 years. The EOC industry however, could not fully absorb these increases and had to sacrifice its operating margins.

Further steep increase in crude prices increased prices of other petrochemical feed stocks required by EOC industry, phenomenally.

Against this, reduced import duties on EOC, have made imports of EOC cost competitive, for the user industries. With this, the EOC industry could not build cost increases of EO and other petrochemical inputs, in their selling prices of EOC.

Under the circumstance, the Company had no





alternative but to shift its business from Commodity EOC to Niche Speciality Surfactants, Esters, Amides and a range of Antioxidants for diverse user industries like Lubricants, Plastics/ polymers, Rubber/ Latex, Agro, Pesticide, Ink, Coatings, Resins etc.

The Company has during last 2/3 years successfully developed number of products in the above product categories for large multinational companies and Indian Corporates, which have found acceptance of its customers. Considering the Company's technical abilities, its customers have initiated with the Company development of newer products for their domestic and/ or overseas requirements. Prospects in this regard appear to be bright.

Company however faces concern in terms of repayment of large amounts of Sales Tax deferral to concerned authorities, term loans of Banks etc in the future years. This may bring pressures on its working capital resources.

To strengthen its finances, the Company has taken / will be taking the following steps:

- a) additional funds, by way of Preference Shares are expected from its new promoters;
- b) repayment of working capital term loans to free its working capital facilities;
- c) additions made to the Board of Directors to bring to the Company, sizable experience in the area of running profitably medium sized manufacturing units; finance; general administration; development of new products etc.

The management looks upon future with cautious optimism.

#### **Internal Control System and their adequacy:**

The Company has instituted a system of internal controls and checks appropriate for the Company, which is being strengthened by programs of internal audit.

During the year under review no significant internal control issue was identified. The Audit committee met 4 times and has been reviewing the internal control system as well as financial disclosures regularly.

#### **Material developments in HR:**

Employee relationship at all levels continue to be healthy. The management would like to record its appreciation of dedicated and strong support provided to the Company, by its employees, at all levels.

**(The statement in this report including Management's Discussions & Analysis Report reflect 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 the Company's operations are influenced by many external and internal factors beyond the control of the Company.)**

#### **DIRECTORS:**

On April 21, 2005, Mr. Amit C. Choksey was inducted as an Additional Director and Chairman in place of Mr. Vinaykumar Patwardhan who resigned as a Director, on disposing off his entire shareholding.

Company's Directors, Mr. M.D. Kale and Mr. Ashok M. Patwardhan also resigned as Directors of the Company.

Mr Bipin Jhaveri, Mr. Manubhai Patel and Mr. Kaushik Shanghvi joined the Company as Additional Directors on the Board.

In accordance with the provision of the Companies Act, 1956 read with Article 166 of the 'Articles of Association of the Company, Mr.Sandeep H. Junnarkar Director of the Company, retire by rotation and being eligible, offers himself, for re-appointment.

Mr. Amit Choksey, Mr. Bipin Jhaveri, Mr. Manubhai Patel and Mr. Kaushik Shanghvi who were appointed as additional directors on 21.04.05 hold office upto the conclusion of ensuing Annul General Meeting and being eligible, offer themselves for appointment as Directors.

#### **DIRECTOR'S RESPONSIBILITY STATEMENT:**

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed:

- (i) That in the preparation of the accounts for the financial year ended 31<sup>st</sup> March, 2005, the applicable accounting standards have been followed along with proper explanation relating to material departures. (Please see implementation of AS-29 made effective from 1.4.2004, as per change in accounting policy as mentioned at clause [15 K3 (ii)] of Schedule 22 and in particular in Note no.5 in Schedule 22).
- (ii) That the Directors have selected such accounting policies and applied them

consistently and made judgement and estimates that were reasonable and prudent so as to give a true and fair view of the profit or loss of the Company for the year under review;

- (iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) That the Directors have prepared the accounts for the financial year ended 31<sup>st</sup> March, 2005 on 'going concern' basis.
- (v) The Corporate Governance Report attached as a separate Annexure to this Directors' Report along with Management's Discussion & Analysis presented in this report, form an integral part of this report.

#### **FIXED DEPOSITS**

The Company has not accepted any deposit within the meaning of Section 58A of the Companies Act, 1956 and the Rules made thereunder.

#### **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 furnished the necessary certificate as required under Section 224 (1B) of the Companies Act, 1956. The Board recommend their appointment.

#### **PARTICULARS OF EMPLOYEES:**

During the year under review there were no employees, whose particulars are to be given under Section 217 (2A) of the Companies Act, 1956 read along with the Companies (Particulars of Employees) Rules, 1975.

#### **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 Annexure to this Report.

#### **DELISTING OF SHARES FROM AHMEDABAD, DELHI, HYDERABAD STOCK EXCHANGES AND TO CONTINUE LISTING AT STOCK EXCHANGE, MUMBAI:**

The Company's shares continue to be listed on Mumbai Stock Exchange.

The Company's shares have been delisted, from Delhi, Ahmedabad and Hyderabad stock Exchanges on 20<sup>th</sup> January, 05, 28<sup>th</sup> January, 05 & 19<sup>th</sup> January, 05 respectively.

#### **CORPORATE GOVERNANCE REPORT:**

The Corporate Governance Report is set out as separate Annexure to this Report. The Certificate from the Auditors of the Company, certifying compliance of the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchange is annexed to the Report on Corporate Governance.

#### **ENVIRONMENT, HEALTH AND SAFETY:**

The Company has adopted a Health, Safety and Environment (HSE) Policy, which applies to all employees and activities. Sunshield strives to be a responsible corporate member of society committed to continuous improvement in HSE and to provide a healthy work environment for its employees. The Company strives and develop a culture, which encourages employees to take personal responsibility for HSE.

#### **APPRECIATION:**

The Directors place on record their sincere appreciation of the support, by way of the efficient services rendered by the employees of the Company at all levels. Your Directors also place on record their sincere appreciation of the wholehearted support extended by the Company's bankers, business associates, employee's union, shareholders and the Government.

**For and On Behalf of the Board of Directors**

**Satish Kelkar**  
Vice Chairman & Mg. Director

**Amit Choksey**  
Chairman

Place: Mumbai  
Date : 16<sup>th</sup> May, 2005