

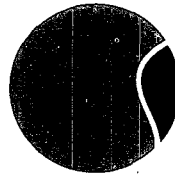
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# SUNSHIELD

CHEMICALS LTD.

**21ST ANNUAL REPORT  
FOR THE YEAR ENDED ON 31ST MARCH 2008**



## SUNSHIELD CHEMICALS LTD.

### BOARD OF DIRECTORS

Shri Amit C. Choksey	<i>Chairman</i>
Shri Ashok R. Datar	
Shri Bipin V. Jhaveri	
Shri Dhiren P. Mehta	
Shri Kaushik C. Shanghvi	
Shri Manubhai G. Patel	
Shri Sandeep H. Junnarkar	
Shri Shreerang R. Belgaonkar	Wholetime Director
Shri Satish M. Kelkar	Vice Chairman & Director

### COMPLIANCE OFFICER

Shri Rajeev R. Gupte  
Manager – Finance

### REGISTERED & ADMINISTRATIVE OFFICE

N.K.M. International House,  
178, Babubhai Chinai Marg,  
Backbay Reclamation,  
Mumbai – 400 020  
Tel. No.: (022) 22838293 / 94 / 95  
Fax No.: (022) 22838291

### AUDITORS

M/s. Tembey & Mhatre  
Chartered Accountants

### FACTORY / R & D CENTRE

Pali-Khopoli Road, Village Rasal, Taluka  
Sudhagad, Dist. Raigad, Maharashtra  
Tel No.: (02142) 242226

### BANKERS

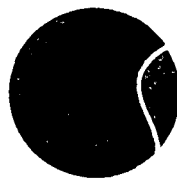
Bank of Baroda  
The Saraswat Co-op. Bank Ltd.  
State Bank of India

### SOLICITORS

M/s. Junnarkar & Associates

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AMIT CHOKSEY GROUP COMPANY



**SUNSHIELD  
CHEMICALS LTD.**

**Persons constituting group within the definition  
of "group" as defined in the Monopolies &  
Restrictive Trade Practices Act, 1969**

- 1. Amit Champaklal Choksey**
- 2. Aeonian Investments Company Limited**
- 3. Abhiraj Trading & Investments Private Limited**
- 4. Satish Manohar Kelkar**
- 5. Neokel Investments Private Limited**
- 6. Kelkar Chemicals Private Limited**



## SUNSHIELD CHEMICALS LIMITED

### NOTICE

NOTICE IS HEREBY GIVEN THAT THE TWENTY FIRST ANNUAL GENERAL MEETING OF THE MEMBERS OF SUNSHIELD CHEMICALS LIMITED WILL BE HELD ON TUESDAY, JULY 29, 2008 AT 11.30 A.M. AT M. C. GHIA HALL, BHOGHILAL HARGOVINDAS BUILDING, 2<sup>ND</sup> FLOOR, 18/20, K. DUBASH MARG, KALA GHODA, MUMBAI - 400 023 TO TRANSACT THE FOLLOWING BUSINESS:-

#### ORDINARY BUSINESS:

- i. To receive, consider and adopt the Profit and Loss Account for the year ended March 31, 2008, the Balance Sheet as at that date and the Reports of the Board of Directors and Auditors' thereon.
- ii. To appoint a Director in place of Shri. Ashok R. Datar, who retires by rotation and, being eligible, offers himself for re-appointment.
- iii. To appoint a Director in place of Shri. Manubhai G. Patel, who retires by rotation and, being eligible, offers himself for re-appointment.
- iv. To appoint a Director in place of Shri. Sandeep H. Junnarkar, who retires by rotation and, being eligible, offers himself for re-appointment.
- v. 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:

- vi. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an **Ordinary Resolution**.

**"RESOLVED THAT** Shri. Dhiren Mehta, who was appointed as an Additional Director of the Company, by the Board of Directors and who holds the said office under Section 260 of the Companies Act, 1956 until date of the Annual General Meeting and in the respect of whom the Company has received a notice in writing pursuant to Section 257 of the Companies Act, 1956, from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company."

- vii. To consider and, if thought fit, to pass, with or without modifications, the following resolution as a **Special Resolution**.

**"RESOLVED THAT** pursuant to the provisions of Sections 297, 309 and 310 and all other applicable provisions, if any, of the Companies Act, 1956, and subject to the approval of the Central Government and subject to any other approvals as may be necessary, the Company hereby approves the appointment of Shri Satish M. Kelkar - Vice Chairman as An Advisor to the Company for a period of three years with effect from October 1, 2007 on monthly retainerhip fees of Rs. 90,000/- (Rupees Ninety Thousand only).

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to alter and vary any or all of the conditions as approved vide this resolution as may be deemed fit or expedient or proper, from time to time, and for the purpose of giving effect to this resolution, the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, expedient, usual or proper

in the best interest of the Company."

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

Sd/-  
Amit Choksey  
Chairman

Mumbai, 14th May, 2008.

#### NOTES:

- i. A MEMBER OF THE COMPANY ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING MAY APPOINT A PROXY TO ATTEND AND, ON A POLL, VOTE INSTEAD OF HIMSELF/HERSELF. A PROXY NEED NOT BE A MEMBER. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY AT ITS REGISTERED OFFICE NOT LATER THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- ii. The Register of Members and the Share Transfer Books of the Company will remain closed from 22<sup>nd</sup> July, 2008 to 29<sup>th</sup> July, 2008 (both days inclusive).
- iii. 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.
- iv. Members are requested to bring their own copies of the Annual Report. Copies will not be distributed at the Meeting.
- v. 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. TSR Darashaw Ltd. (formerly Tata Share Registry Ltd.) having its Office at 6-10, Haji Moosa Patrawala Industrial Estate, 20, Dr. E. Moses Road, Mahalaxmi, Mumbai-400011.
- vi. Members are requested to hand over the enclosed Attendance slip, duly signed in accordance with their specimen signature(s) registered with the Company for admission to the meeting hall. Members who hold shares in dematerialized form are requested to bring their client ID and DP ID Numbers for identification.
- vii. Corporate Members are requested to send to the Company's Registrar & Transfer Agent, a duly certified copy of the Board Resolution authorizing their representative to attend and vote at the Annual General meeting.

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

Sd/-  
Amit Choksey  
Chairman

Place: Mumbai.  
Date: 14th May, 2008.  
**Registered Office:**  
N. K. M. International House,  
178, Backbay Reclamation,  
Babubhai Chinai Marg,  
Mumbai - 400 020.



## SUNSHIELD CHEMICALS LIMITED

### I. Explanatory Statement under Section 173 of the Companies Act, 1956

#### Item No. 6

Shri. Dhiren Mehta, was appointed as an Additional Director on the Board of the Company by the Board of Directors with effect from 29<sup>th</sup> January, 2008, pursuant to Section 260 of the Companies Act, 1956. Shri Dhiren Mehta holds office of Director up to the date of the forthcoming Annual general meeting of the Company. The Company has received notice in writing from a member of the Company, proposing the candidature of Shri. Dhiren Mehta to the office of the Director under Section 257 of the Companies Act, 1956.

Shri. Dhiren Mehta, a qualified Company Secretary and Chartered Accountant has done post graduation in Management. He has 30 years of experience in the various spheres of the management.

He also holds directorship of the other companies. The Company will be vastly benefited from the professional capabilities and varied experience of Shri. Dhiren Mehta. The Board therefore recommends his appointment as a Director of the Company.

None of the Directors, other than, Shri. Dhiren Mehta is concerned or interested in this Resolution.

#### Item No. 7

Shri Satish M. Kelkar, Vice Chairman of the Company was appointed as an Advisor to the Company for a period of three years on monthly retainerhip fees of Rs. 90,000/- (Rupees Ninety Thousand only) w.e.f. October 1, 2007 by the Board of Directors of the Company subject to provisions of Sections 297, 309 and 310 and all other applicable provisions, if any, of the Companies Act, 1956, and subject to the approval of the Central Government.

Shri. Satish M. Kelkar is B.Sc. from Mumbai University and has Masters Degree in Management Studies (MMS). He is having experience of more than three decades in the business of manufacturing and marketing of Speciality Chemicals, Anti-oxidants, Surfactants and other Ethylene Oxide Condensates having been connected with Sunshield Chemicals Limited, Schenectady Specialties Asia Ltd., etc. He was the past president of Indian Speciality Chemicals Manufacturers Association (ISCMA). He is also active Member of other business associations and chamber of commerce like Indian Chemical Manufacturers Association (ICMA) and Maharashtra Chamber of commerce (MCC) etc. He was working as Managing Director of the Company from April 1992 to September 30, 2007 and has managed the Company in worst situations and severe competition in the Industry. He was instrumental in selling Company's products to many of the large Indian Corporates like Asian Paints, Kansai Goodlas Paints, Hindustan petroleum, Gharda Chemicals, Excel Industries etc. He developed export relationships with large multinationals like Lubrizol of U.S.A., Altana of West Germany, Owens Corning of U.S.A, Ciba of Switzerland etc. and entered into long term contracts

for export of Company's products.

A copy of the letter of appointment issued by the Company to Shri Satish M. Kelkar as advisor to the Company, is available for inspection by the members at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on all working days except Saturdays, Sundays and Public Holidays.

The Company will be vastly benefited from the professional capabilities and varied experience of Shri Satish M. Kelkar. The Board therefore recommends his appointment as an Advisor to the Company.

None of the Directors, other than, Shri Satish M. Kelkar is concerned or interested in this Resolution.

### II Profile of Directors seeking re-appointment as required by existing Clause 49 of the Listing Agreement:

#### Shri Ashok R. Datar

Shri Ashok R. Datar is due to retire at the 21<sup>st</sup> Annual General Meeting of the Company and being eligible, has offered himself for re-appointment. Shri Datar, age 66 years, is B.A., M.A. (Economics) from Stanford University and has nearly 34 years of experience in Finance and Economics. He also holds directorship of the other companies Shri Datar holds 500 Equity shares in the Company.

#### Shri Manubhai G. Patel:

Shri Manubhai G. Patel is due to retire at the 21<sup>st</sup> Annual General Meeting of the Company and being eligible, has offered himself for re-appointment. Shri Patel is a Chartered Accountant and is 74 years of age and has nearly 35 years of experience in the field of finance, accounts, taxation, legal and management. He holds Directorship or Committee Membership in other public companies. Shri Patel does not hold any Equity shares in the Company.

#### Shri Sandeep H. Junnarkar:

Shri Sandeep H. Junnarkar is due to retire at the 21<sup>st</sup> Annual General Meeting of the Company and being eligible, has offered himself for re-appointment. Shri Sandeep H. Junnarkar is a Solicitor and is 56 years of age and has over 25 years of experience in the field of legal and general management. He holds Directorship or Committee Membership in other public companies. Shri Sandeep H. Junnarkar holds 2000 Equity shares in the Company.

By Order of the Board  
FOR SUNSHIELD CHEMICALS LTD.

Sd/-  
Amit Choksey  
Chairman

Place: Mumbai.

Date: 14th May, 2008.





## SUNSHIELD CHEMICALS LIMITED

### DIRECTORS' REPORT

DEAR SHAREHOLDERS,

Your Directors are pleased to submit their 21<sup>st</sup> Annual Report and Audited Accounts for the year ended 31<sup>st</sup> March, 2008 along with management's discussion & analysis of performance of your Company:

#### A) FINANCIAL RESULTS & REMARKS

Highlights of Company's operating performance during the financial year 07-08 are compared herein below with that of the financial year 06-07. For more details please read the Management Discussion and Analysis Report.

(Rs. In Lacs)					
Sr. No.	Particulars	Previous Year 31.03.07	Current Year 31.03.08		% Change over pre. Year
	1	2	3		4
1.	<b>Gross Sales</b>	<b>3,731</b>	<b>4,739</b>	↑	<b>27%</b>
2.	a) Net Domestic Sales	2,438	2,678	↑	10%
	b) Exports Sale	907	1,521	↑	68%
3.	<b>Net Total Sales</b>	<b>3,345</b>	<b>4,199</b>	↑	<b>26%</b>
4.	Other Income	18	72		
5.	<b>Total Income (3+4)</b>	<b>3,363</b>	<b>4,270</b>		
6.	Material Consumed	2,458	3,068		
7.	Employee Cost	265	216		
8.	Other Expenses	523	591		
9.	<b>Operating Profit (PBIDAT) (5-6-7-8)</b>	<b>118</b>	<b>395</b>	↑	<b>236%</b>
10.	Interest	263	278	↓	
11.	<b>Cash Profit / (Loss)(9-10)</b>	<b>(146)</b>	<b>118</b>	↑	<b>224%</b>
12.	Depreciation & Amortization	128	139		
13.	<b>Net Profit / (Loss) - before Tax-PBT</b>	<b>(274)</b>	<b>(22)</b>	↑	

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

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

##### a) Industry Structure & Development :-

Your Company produces Ethylene Oxide (EO) based derivatives called Ethylene Oxide Condensates (EOC). For the 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. A major use of EO for the producers, 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 the EOC industry in India, continued to be high during the year under review. The EOC industry however, could not fully absorb the increases and had to sacrifice its operating margins. Further, crude oil prices also



## SUNSHIELD CHEMICALS LIMITED

continued to increase during the year, affecting adversely prices of other petrochemical feed stocks and down the line products, required by the EOC industry. Against this, reduced import duties on EOC made imports of EOC more economical for the user industries. Operating margins, therefore, continued to be under pressure.

The Company continued to shift its business to Niche Specialty Surfactants, Esters, Amides and a range of Antioxidants for diverse user industries like Lubricants, Plastics / Polymers, Rubber / Latex, Agro, Pesticides, Ink, Coatings, Resins etc.

The company also increased its marketing thrust towards export of Specialty Chemicals in both Europe and America.

### b) Operating and Financial Performance of the Company during the year 07-08:-

(The Company is operating in only one Segment, namely 'Chemicals')

1. During the year, value and volume sales of the Company's products registered a growth of 27% and 29% respectively, over those of the previous year.
2. Domestic Sales registered a growth of 10% and exports registered a growth of 68%.
3. Owing to higher prices of major input materials and the inability of the Company to pass on such increases to its customers, margins were under pressure. Material Consumption as a percentage Net Sales indicated a marginal decline.
4. The company continued its measures to minimize operational and administrative overheads during the year. As a part of these measures, the Company shifted its Registered office and rationalized its manpower. Employee cost has come down by rationalization of job processes.
5. Profit before interest, depreciation and tax increased from Rs.1.18 Crores in the financial year 2006-07 to Rs.3.95 Crores in the financial year 2007-08. Cash Profit for the current year stood at Rs.1.18 Crores against a cash loss of Rs.1.46 Crores in the previous year.
6. Operations have resulted a marginal net loss of Rs.22 lacs during the financial year 2007-08, a significantly better performance than the against a large loss of Rs.2.74 Crores in the previous year. (Please refer to the table of Financial Highlights.)
7. During the year, your Company upgraded its work

processes; installed balancing equipments for increased production requirements; and developed new categories of products to increase capacity utilization to meet increased demand from overseas customers. New products introduced by the Company include Non EO / PO Condensates and the Company has made few test dispatches to potential customers to better understand the end user requirements.

8. Pressures on cash flows and reliance on bank loans continued.
9. Attention is invited to Note No.7 of Schedule 18 of the Statement of Account for non-payment of two installments of Sales Tax deferral loans of Rs.2.67 Crores. The Company has requested the concerned authorities to reschedule the repayments. Their reply is awaited.

### c) Outlook

Export Sales have stabilized and indicate good growth potential. The Company hopes to continue its sizable growth in export sales in the current year.

Being a key producer of Specialty chemicals in India, your Company is in a better position to face competition in the domestic and export markets. The Company has entered into agreements with some of the foreign buyers for new products and supplies will start in the current year. Your Directors view the prospects with cautious optimism.

### d) Risks and Concerns:-

Globalization has increased import of low-cost input materials for manufacture of finished goods into India. Simultaneously, increasing prices of crude-based petroleum feed stock can squeeze margins of domestic sales considerably. Better infrastructure and lower transportation cost outside India, on hydrocarbons, reduces profitability of some of the Company's products as foreign suppliers sometimes offer very low prices for their end products in India and abroad. Any reduction in price of the products of the Company may put pressure on the margins.

During the year 2007-08 the Company has earned over 36% of its revenues in foreign currency. The export earnings as a percentage of total domestic revenue is expected to rise. Similarly, the percentage of Company's import is low, as a large quantity of input materials is procured locally and paid for in Rupees. The Rupee becoming stronger vis-à-vis Dollar, may have an adverse impact on the profitability.

The European Union (EU) has, to ensure high



## SUNSHIELD CHEMICALS LIMITED

standards of human health & environment, prescribed "Registration, Evaluation, Authorization and Restriction of Chemicals" (REACH), with Authorities there. The Company has already provided to its clients in the EU details required by them for pre-registration etc. If for any reason, the required registration is not made by the dates that may be prescribed by the concerned authorities in EU, the Company may not be able to export to EU countries after the said date until the registration is complete.

### e) Internal Control System and their adequacy:

A system of internal controls and checks appropriate for your Company's present operations is in place but needs further tightening. In addition, an Internal Audit is carried out periodically within the Company.

During the year under review, no significant internal control issues were identified. The Audit Committee has initiated a study for reassessment of checks and controls.

### f) Capitalization of Tenancy Rights:

Please refer to Note No. 2(c) of Schedule 18 of the Statement of Accounts. The Company's office premises at Janki Niwas, N. C. Kelkar Road, Dadar, Mumbai – 400 028 for which it holds Tenancy Rights, have been taken up for development by a developer with a promise of alternate accommodation under an agreement entered into with the landlord and the developer. The Company has valued the said tenancy rights as per valuation report issued by a recognized Chartered Engineer and Valuer on the approved list of the Government and has brought the asset into the books by creating a Capital Reserve Account of equal value.

### g) Material developments in HR:

Your Company signed a fresh agreement after peaceful negotiations with respect to workmen at the factory (at Rasal) for a period of 3 years.

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

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

### C. DIVIDEND

In view of the carry forward losses the Board of Directors of your Company do not recommend payment of dividend for the year ending 31<sup>st</sup> March 08.

### D. ACTION TAKEN UNDER SECTION 23(1) OF SICK INDUSTRIAL COMPANIES (SPECIAL PROVISIONS) ACT, 1985 (ACT)

The Company continues to be potentially sick under Section 23(1) of the Act. The Company had carried out the necessary formalities required under the Act in the year 05-06. The Company is of the view that no fresh intimation to the concerned authorities needs to be given under the Act.

### E. MANUFACTURE OF ISO-CYNURIC ACID (ICA):

In light of a reasonably sound supply position of this raw material, through imports, and based on current import duty structure for ICA and its raw materials, your Directors have decided not to go ahead with this Capital Investment project at this stage. The directors place on record that the Company has not utilized any of Bank loans earlier planned to be raised for this purpose.

### F. DIRECTORS:

(i) The Company's earlier Managing Director Shri Satish M. Kelkar retired on 30<sup>th</sup> September, 2007 as Managing Director on reaching the age of 60 years. He continues as Vice Chairman and Director. He has been appointed as Advisor with effect from 1<sup>st</sup> October, 2007. The Company has made an application to the Central Government u/s. 309,310,297 and other applicable provisions of the Companies Act, 1956 for approval of the appointment and payment of retainership fees to him as Advisor. The application is still pending with the Central Government. Shareholders' approval is sought for this appointment at the ensuing Annual General Meeting.

Company had made an application u/s. 269 and other applicable provision of the Companies Act, 1956 for approval of re-appointment of Mr. Satish M. Kelkar as Managing Director and payment of remuneration thereof. The said application is also pending with Central Government.

(ii) The Board of Directors in their meeting held on 29<sup>th</sup> January, 2008 have appointed Shri Dhiren P. Mehta as additional director of your Company. He will retire at the close of the ensuing Annual General Meeting and being eligible, offer himself for reappointment. Shri Dhiren P. Mehta is a Chartered Accountant and has vast commercial and financial experience. The Board is of the view that your Company will benefit by his appointment.





## SUNSHIELD CHEMICALS LIMITED

In accordance with the provision of the Companies Act, 1956 read with Article 166 of the Articles of Association of the Company, Shri Manubhai G. Patel, Shri Sandeep H. Junnarkar and Shri Ashok R. Datar, Directors of the Company, retire by rotation and being eligible, offer themselves, for re-appointment.

### G. DIRECTORS' 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, 2008, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- (ii) That the Directors have selected such accounting policies and applied them consistently and made 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, 2008 on 'going concern' basis.

### H. FIXED DEPOSITS

Your Company has not accepted any fixed deposits from general public and shareholders within the meaning of Section 58A of the Companies Act, 1956 and the Rules made there under.

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

### J. 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 with the Companies (Particulars of Employees) Rules, 1975.

### K. 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 are given in the prescribed format as Annexure to this Report.

### L. CORPORATE GOVERNANCE REPORT:

The Corporate Governance Report is set out as a separate Annexure to this Report. Certificate from the Auditors of the Company, certifying compliance 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.

### M. ENVIRONMENT, HEALTH AND SAFETY:

Your 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. Your Company continuously strives to develop a culture, which encourages all employees to take personal responsibility for HSE.

### N. 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 Directors also place on record their sincere appreciation of the support and cooperation rendered by the employees of the Company at all levels.

For and On Behalf of the Board of Directors

sd/-  
Amit Choksey  
Chairman

sd/-  
Shreerang Belgaonkar  
Wholtime Director

Place : Mumbai  
Date : 14th May, 2008



## SUNSHIELD CHEMICALS LIMITED

### ANNEXURE TO THE DIRECTORS' REPORT

Additional information as required under the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31<sup>st</sup> March, 2008.

#### CONSERVATION OF ENERGY :

The Company has always been conscious of the need to conserve energy. The Company is continuously identifying areas where energy can be saved and appropriate measures have been taken for optimizing energy conservation.

a) Energy Conservation measures taken:

i) Use of fuel additive for LDO used in Boiler ii) Independent electrical metering and connected load iii) Substitution of use of electricity to the extent possible by steam & iv) Co-ordination to optimize batch schedule.

b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy:

Efforts continue to further reduce the consumption of energy by optimizing batch sizes. The appropriate sizing of reactor/s along with the required balancing equipments have been installed / under installation.

c) Total energy consumption and energy consumption per unit of production as per Form A.

#### FORM A

#### Disclosure of particulars with respect to conservation of energy.

a) Power and Fuel Consumption

(Rs. In Lacs)

Particulars	Current Year Ended 31-03-08	Previous Year Ended 31-03-07
<b>1 Electricity</b>		
a) Purchased		
Units (KW/H)	8,94,799	6,49,278
Total Amount Rs.	49,50,560	32,48,116
Rate/ Unit (Rs.)	5.53	5.00
b) Own Generation		
FO/LDO/HHC/HSD		
Qty. (Ltr.)	5,83,978	4,89,639
Total Cost	1,42,63,851	1,30,01,845
Average Rate	24.43	26.55
<b>2 Coal</b>	N.A.	N.A.
<b>3 Others/ internal generations</b>	NIL	NIL

b) Consumption per unit of Production

Particulars	Current Year Ended 31-03-2008	Previous Year Ended 31-03-2007
Production Units (Mt.)	4,588.24	4,475.56
Electricity (Units)/Mt.	195.02	145.07
FO/LDO/HHC/HSD (Ltr.)/Mt.	127.28*	109.40*

\* On account of self generation of electricity through generator to meet gap between and demand of electricity supplied by MSEB.

#### FORM B

#### Disclosure of particulars with respect to Technology Absorption, Research and Development: (R & D)

#### Research & Development (R & D)

1) Specific areas in which R & D carried out by the Company:

- New Products Development.
- Development and evolution of alternate raw materials / solvents.
- Improvement in quality of existing products / process.
- Cost reduction.
- Energy efficient processes.
- New process development for safe and improved handling and recycling of waste to obtain a useful product for a prime customer.
- New business opportunity obtained.

2) Benefits Derived As A Result Of The Above R & D :

- Improvement in the quality of products to meet the requirements of highly competitive market.
- Introduction of new products/processes.
- Increased productivity.
- Improved market acceptability of products.
- Cost economy and efficiency.
- Development of new applications of the finished products.
- Availability of alternative sources of raw materials.
- New business opportunities.