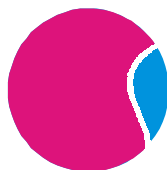


SUNSHIELD
CHEMICALS LIMITED

**23RD ANNUAL REPORT
FOR THE YEAR ENDED ON 31ST MARCH 2010**



**SUNSHIELD
CHEMICALS LIMITED**

BOARD OF DIRECTORS

Amit C. Choksey	Chairman
Ashok R. Datar	Director
Bipin V. Jhaveri	Director
Dhiren P. Mehta	Director
Manubhai G. Patel	Director
Sandeep H. Junnarkar	Director
Satish M. Kelkar	Vice Chairman & Advisor
Shreerang R. Belgaonkar	Wholetime Director

COMPANY SECRETARY

Amit A Kumashi

REGISTERED & ADMINISTRATIVE OFFICE

N.K.M. International House,
178, Babubhai Chinai Marg,
Backbay Reclamation,
Mumbai – 400 020
Tel. No.: 022- 61457500 / 61457000
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

REGISTRAR & SHARE TRANSFER AGENTS

TSR Darashaw Ltd. 6-10,
Haji Moosa Patrawala Industrial Estate,
20, Dr. E. Moses Road, Mahalaxmi,
Mumbai – 400 011.
Tel. 022-66568484 • Fax No. 022-66568494

SOLICITORS

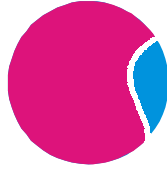
M/s. Junnarkar & Associates
Advocates, Solicitors & Notary

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**SUNSHIELD
CHEMICALS LIMITED**

**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. Priti Choksey**
- 5. Satish Manohar Kelkar**
- 6. Neokel Investments Private Limited**
- 7. Kelkar Chemicals Private Limited**
- 8. Mrinalini Kelkar**
- 9. Radhika Bawa**



NOTICE

NOTICE is hereby given that the Twenty Third Annual General Meeting of the Members of **Sunshield Chemicals Limited** will be held on **Thursday, 29th July, 2010 at 11.30 A.M. at M. C. Ghia Hall, Bhoghilal Hargovindas Building, 2nd Floor, 18/20, K. Dubash Marg, Kala Ghoda, Mumbai – 400 023** to transact the following business:-

ORDINARY BUSINESS:

1. To receive, consider and adopt the Profit and Loss Account for the financial year ended March 31, 2010, 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 Shri Sandeep Junnarkar, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Bipin Jhaveri, who retires by rotation and, being eligible, offers himself for re-appointment.
4. 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:

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

“RESOLVED THAT pursuant to the provisions of Sections 198, 309, 310 and Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, and / or any statutory modification or re-enactment thereof from time to time and subject to such approvals as may be necessary, consent of the Company be and is hereby accorded to the revision in the terms of payment of remuneration to Shri Shreerang Belgaonkar, Wholetime Director with effect from April 1, 2010 for the remainder of his tenure upto 23rd July 2011, on the terms and conditions as set out here under:

- I. (a) Salary: Rs. 60,000/- (Rupees Sixty Thousand Only) per month.

(b) Perquisites: Perquisites are classified into three categories “A”, “B”, and “C” as follows:

Part “A”

House Rent Allowance: Rs. 30,000/- (Rupees Thirty Thousand only) per month.

Education Allowance: Rs. 50,000/- (Rupees Fifty Thousand Only) per month.

Medical Reimbursement: Reimbursement of medical expenses incurred by the Whole Time Director for self and family not exceeding Rs. 25,000/- (Rupees Twenty Five Thousand Only) per annum.

Leave Travel Concession: Reimbursement of Leave Travel Concession for Whole Time Director and his family, once in a year not exceeding Rs. 1,00,000/- (Rupees One Lac Only) in accordance with Rules in force from time to time in the Company.

MediClaim Insurance and Personal Accident Insurance: Reimbursement of Medi-Claim insurance and Personal Accident insurance premium, not exceeding Rs.25,000/- (Rupees Twenty Five Thousand Only) per annum.

Performance Incentive: As may be decided by Board of Directors including Committee(s) thereof, not exceeding Rs.4,50,000/- (Rupees Four Lacs Fifty Thousand only) per annum from year 2010-11 onwards.

Part “B”

Provident Fund: Benefits as per the scheme of the Company.

Gratuity: Benefits in accordance with rules and regulations in force in the Company

Part “C”

Car: Provision of Company's car along with chauffeur, both for official and personal use of the Wholetime Director.

Mobile: Mobile bills will be reimbursed by the Company.

(c) Other Benefits

Leave: Leave with full pay and allowance in accordance with rules and regulations in the Company in force from time to time.

Leave encashment: In accordance with the rules and regulations in the Company in force from time to time, permitted at the end of the tenure.

Benefits under loan and other schemes in accordance with practices, rules and regulations in force in the Company for time to time. Such other benefits and amenities as may be provided by the Company from time to time to other officers and managers of the Company.

- II. Shri Shreerang Belgaonkar will be entitled to Performance Incentive of Rs. 3.50 lacs as per Company's Performance Incentive Scheme for managers and managerial personnel for the year 2009-10.

- III. Board of Directors, including Committee(s) thereof may determine annual increment, effective from 1st April every year not exceeding 8% of Basic pay, House Rent Allowance and Education Allowance subject to the Schedule XIII limits and other applicable provisions of the Act

RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year during the



aforesaid period, the Company shall pay to Shri Shreerang Belgaonkar, Wholetime Director, remuneration by way of salary, perquisites and allowances, not exceeding the limits laid down in Schedule XIII of the Companies Act, 1956, as may be decided by the Board of Directors, after obtaining recommendation of their Remuneration Committee;

RESOLVED FURTHER THAT the Board be and is hereby authorised to alter, amend, vary, enhance or modify the scope and quantum of remuneration including salary, commission, perquisites, allowances etc. of Shri Shreerang Belgaonkar within the limits prescribed under Schedule XIII of the Companies Act 1956 or any amendment thereto or re-enactment thereof for the time being in force;

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to do all such acts, deeds, matters and things in their absolute discretion as they may consider necessary or expedient to give effect to this resolution and also to revise the remuneration of the Whole Time Director upward within the limits stipulated in the Companies Act, 1956, read with its schedules and rules."

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

"RESOLVED THAT pursuant to the provisions of Section 314 and all other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves the appointment of Smt. Sonali S. Kelkar as HRD Consultant for a period of three years with effect from October 1, 2009 on the terms and conditions including monthly retainership fees of Rs. 19,500/- (Rupees Nineteen Thousand Five Hundred only) as decided by the Board;

RESOLVED FURTHER THAT pursuant to the provisions of Section 314 and all other applicable provisions, if any, of the Companies Act, 1956, the Company hereby accords its consent to the increase in monthly retainership fees payable to Smt. Sonali S. Kelkar to Rs. 40,000/- (Rupees Forty Thousand only) effective from 1st October 2010 for the remainder of the tenure of her appointment upto 30th September 2012;

RESOLVED FURTHER THAT the Board be and is hereby authorized to alter and vary the terms of appointment and quantum of retainership fees within the limits permitted by the provisions of Companies Act, 1956 as amended from time to time and to do, perform and execute all such acts, deeds, matters and things as may be necessary, proper, desirable or expedient to give effect to this Resolution."

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

"RESOLVED THAT pursuant to the provisions of Section

163 and all other applicable provisions, if any, of the Companies Act, 1956, the approval of the Company be and is hereby given to the Board of Directors to keep the register of members and index of members at the office of M/s. TSR Darashaw Ltd, Registrar and Share Transfer agents at 6-10, Haji Moosa Patrawala Industrial Estate, 20, Dr E. Moses Road, Near Famous Studio, Mahalaxmi, Mumbai-400011 instead of at the registered office of the Company."

8. 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, 310 and 314 and all other applicable provisions, if any, of the Companies Act, 1956, and subject to the approval of the Central Government and subject also to such other approvals, if any, as may be necessary, the Company hereby approves the re-appointment of Shri Satish M. Kelkar – Vice Chairman as an Advisor to the Company for a further period of three years with effect from October 1, 2010 on monthly retainership fees of Rs. 1,10,000/- (Rupees One Lac Ten 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**

Amit Kumashi
Company Secretary

Mumbai, 7th May, 2010

Registered Office:

N. K. M. International House,
178, Backbay Reclamation,
Babubhai Chinai Marg,
Mumbai – 400 020.



NOTES:

1. A Member of the Company entitled to attend and vote at the Annual General Meeting may appoint a proxy to attend a Proxy to attend and, on a poll, vote instead of himself/herself. A Proxy need not be a Member of the Company. Proxies to be effective should be deposited at the Registered Office of the Company not later than forty-eight hours before the commencement of the meeting.
2. 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.
3. Members / Proxies / Representatives should bring the enclosed Attendance slip, duly filed in, for attending the Meeting. Copies of the Annual Report or Attendance Slips will not be distributed at the Meeting.
4. Profile of the Directors seeking re-appointment, as required in terms of clause 49 of the Listing agreement entered into with Stock Exchange, is annexed to this Notice.
5. The Register of Members and the Share Transfer Books of the Company will remain closed from **Friday, 23rd July, 2010 to Thursday, 29th July, 2010** (both days inclusive).
6. 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.
7. 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.

Annexure to Notice

Explanatory Statement under Section 173 of the Companies Act, 1956

Item No. 5

The Shareholders of the Company had at the 20th Annual General Meeting of the Company held on 26th July 2007 approved the appointment and terms of remuneration of Shri Shreerang Belgaonkar as Wholtime Director of the Company effective 24th July, 2006 for a period of five years. The Board of Directors of the Company have, subject to the approval of the Shareholders in general meeting, and after obtaining necessary recommendation from the Remuneration Committee of the Board of Directors of the Company in the meeting held on 7th May 2010, in recognition of excellent contribution made by Shri Belgaonkar in the areas of research, new products development, and

improvement of the quality of Company's products, rationalization of production processes etc.. decided to increase the remuneration of Shri Shreerang Belgaonkar with effect from 1st April, 2010 until the end of his tenure on 23rd July 2011.

The revised remuneration will be payable to Shri Belgaonkar in the event of inadequate or no profits of the Company. The proposed resolution which seeks the approval of the Shareholders in general meeting is to be passed as a Special Resolution.

As the revised remuneration, computed based on the 'effective capital' of the Company as on 31st March 2010, will be payable to Shri Belgaonkar on account of inadequate or no profits of the Company, in compliance with sub-para (B) of Para 1 of Section II of Part II of Schedule XIII of the Companies Act, 1956, the following disclosures are made:

I. GENERAL INFORMATION:

- (1) Nature of Industry : Speciality Chemicals
- (2) Date of Commencement of Commercial Production :- 1986
- (3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus: Not Applicable.
- (4) Financial performance based on given indicators

(Rs. In lacs)

Particulars	Financial year 2007-08	Financial year 2008-09	Financial year 2009-10
Total Income	4243.97	6370.26	6455.38
Total Expenses	4126.22	5946.01	5891.61
Net Profit/ loss	(53.66)	365.88	294.16
Basic EPS	(0.73)	4.98	4.00

- (5) Export performance and foreign exchange collaborations: Export performance in the financial year 2009-10 was Rs. 3107.58 lacs as compared to Rs. 3359.33 lacs in 2008-09. Company does not have any foreign collaboration.

II. INFORMATION ABOUT THE APPOINTEE

(1) Background details:

Shri Shreerang Belgaonkar holds a Bachelors Degree in Chemical Engineering and has more than 25 years of experience in Speciality Chemical business. Shri Belgaonkar has rich experience and deep knowledge about Speciality Chemicals and has immensely contributed to the growth of the Company by his incisive and broad based knowledge of Speciality Chemicals by user Industries requirements.

(2) Past Remuneration:

The remuneration as per the earlier letter of appointment dated 24th July, 2006 issued to the Whole Time Director, is as follows:



Salary: The Whole Time Director will be entitled to a basic salary of Rs. 54,000/- per month

Perquisites:

- a) House Rent Allowance: Rs. 35,000/- per month.
- b) Amenities Allowance: Rs. 10,000/- per month
- c) Medical Reimbursement: Medical expenses incurred for himself and his family upto a ceiling of Rs. 10,000/- in one year.
- d) Leave Travel Concession: Leave Travel Concession for himself and his family, equal to Rs. 30,000/- once in a year.
- e) Motor Car: The Company shall reimburse the Whole Time Director all the actual expenses incurred by him for maintenance and usage of a Motor Car for Company's business. Alternatively, the Company will provide the Whole Time Director with a Motor Car for use of Company's business. Expenditure incurred by the Company for personal usage, if ascertainable, will be recovered by the Company, otherwise the perquisite value for the same will be evaluated in terms of the Income-tax Rules, 1962.

Retirement Benefits:

- a) Contribution to Provident Fund and Superannuation Fund: As per the rules of the Company
- b) Gratuity: In accordance with the Company's rules for the time being in force and the same shall not exceed half month's salary for each completed year of service.
- c) Leave encashment: At the end of his tenure as Director Technical and as per the rules of the Company.

Other Facilities:

- a) Entertainment: Reimbursement of entertainment and other expenses incurred in the course of the business of the Company.
- b) Leave: In accordance with the rules specified by the Company.

Corporate Achievement Award:

In addition to above he will be entitled to participate in an annual award scheme to recognize Corporate Achievements. The award for the year 2006-07 will be Rs. 3.60 lacs. This annual award amount for subsequent years can be increased by the Remuneration Committee provided the same is within the limits specified under relevant laws.

- (3) Job Profile and his suitability:

To manage the affairs of the Company under superintendence and control of Board of Directors. Shri Shreerang Belgaonkar, has rich experience and deep knowledge about Speciality Chemicals and has immensely contributed to the growth of the Company by his incisive and broad based knowledge of Speciality Chemicals industry.

- (4) Remuneration proposed: As stated in the resolution.
- (5) Comparative remuneration, profile with respect to industry, size of the company, profile of the position

and persons

Shri Shreerang Belgaonkar has contributed immensely to the growth of the Company. The Remuneration Committee and Board after taking into account financial position, trend in the industry, his qualification and experience find the proposed remuneration to the Whole Time Director to be comparable to the remuneration profile with respect to Speciality Chemical Industry, size of our Company and the profile of the Whole Time Director.

- (6) Pecuniary Relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any:

Shri Shreerang Belgaonkar jointly owns 0.19% stake in the Company as of date. He does not have any pecuniary relationship with the Company other than the remuneration drawn as a Whole Time Director of the Company. He is not related to any managerial persons in the Company.

III. OTHER INFORMATION

- (1) Reasons of loss or inadequate profits:

Depressed global industrial scenario, coupled with unstable petroleum feed stock pricing, reduced margin from business, competitive situation in Ethylene Oxide Condensates (EOC) industry and time required to build core Speciality Chemical business.

- (2) Steps taken or proposed to be taken for improvement:

Company has upgraded its production processes, installed balancing equipments for increased production and developed new products in the field of Speciality Chemicals based on EOC and antioxidants for global market.

The Company has now started dispatching higher quantity of products and has thereby started consolidating export business at higher levels.

- (3) Expected increase in productivity and profits in measurable terms:

Company expects a growth in Speciality Chemicals tonnage because of increased capacity, and efficiency and reduced energy cost.

IV. DISCLOSURES

1. The remuneration package of the Managerial Person is as disclosed in the resolution.
2. The disclosures regarding remuneration package of the Members of Board of Directors are also made in the section on "Corporate Governance Section" in the Annual Report.

In terms of the ceiling limits set out in Para B of Section II of Part II of Schedule XIII of the Companies Act, the approval of the members is sought for the increase in remuneration of Shri Shreerang Belgaonkar through a Special Resolution.

The draft of the Agreement recording above variation in terms of remuneration, to be entered into by the Company with Shri Shreerang Belgaonkar is available for inspection by the members at the Registered Office of the Company between 11 A.M. and 1 P.M. on all days except Saturdays, Sundays and Public Holidays, till the conclusion of the ensuing General Meeting.

Your Directors consider the aforesaid increased

remuneration commensurate with the duties and responsibilities of the Whole Time Director and recommend the Special Resolution at Item No. 5 for your acceptance.

None of the Directors, except Shri Shreerang Belgaonkar, is in any way, concerned or interested in the proposed Special Resolution.

This Explanatory Statement together with accompanying Notice may also be regarded as an abstract of the terms of variation under Section 302 of the Companies Act, 1956.

Item No. 6

The Board of Directors at its meeting held on 29th October, 2009, have appointed Smt. Sonali Kelkar, as Human Resource Development (HRD) Consultant in the Company with effect from 1st October, 2009 for a period of three years. Smt. Sonali Kelkar is a relative of Shri Satish Kelkar, Director of the Company.

It is also proposed, with the consent of the members in general meeting, to increase the retainership fees payable to Smt. Sonali S. Kelkar to Rs. 40,000/- per month effective from 1st October 2010 for the remainder of the tenure of her appointment upto 30th September 2012.

Section 314 of the Companies Act, 1956 read with the Director's Relatives (Office or Place of Profit) Rules, 2003, provides that no relative of a Director shall hold or continue to hold any office or place of profit in a company which carries a total monthly remuneration of Ten Thousand rupees or more but not exceeding Fifty Thousand rupees, except with the consent of the Company by a Special Resolution.

Smt. Sonali Kelkar has a PH.D in BioChemistry and Diploma in Computer Applications. Smt. Sonali Kelkar has over 25 years of rich and vast experience in Human Resource Development and Administration in chemical industry. Smt. Sonali Kelkar is associated with NGO called Mumbai Environment Social network.

The draft appointment letter to be issued to Smt. Sonali Kelkar is available for inspection by the members at the Registered Office of the Company between 11 A.M. and 1 P.M. on all days except Saturdays, Sundays and Public Holidays, till the conclusion of the ensuing General Meeting. The Company will be vastly benefited from the consultancy services of Smt. Sonali Kelkar in the field of Human Resources Development and Administration. The Board therefore recommends her appointment as an HR Consultant to the Company as set out at Item No. 6.

Except Shri Satish Kelkar, no other Director of the Company, is in any way, concerned or interested in this resolution.

Item No. 7

Section 163 of the Companies Act, 1956, requires that statutory registers and documents are kept at registered office of the Company. The Section also provides that statutory registers and documents may be kept at any place other than registered office, if such other place has been approved by the shareholders by a special resolution. The Company had earlier in 20th Annual General Meeting held on 26th July, 2007 taken the approval of the shareholders for keeping Register of Members and Index of members at the office of M/s. TSR Darashaw Ltd, Registrar and Share Transfer agents at 6-10, Haji Moosa Patrawala Industrial Estate, 20, Dr E. Moses Road, Near Famous Studio, Mahalaxmi, Mumbai-400011 or any of its other place of

business within the city of Mumbai. However, Company had not given effect to the said approval due to administrative reasons. The Company now proposes to shift the Register of Members and Index of Members to the office of its Registrar and Share Transfer Agent viz. M/s. TSR Darashaw Ltd, 6-10, Haji Moosa Patrawala Industrial Estate, 20, Dr E. Moses Road, Near Famous Studio, Mahalaxmi, Mumbai-400011, instead of keeping the same at the Company's registered office. The Company is advised to seek fresh approval of the members.

Your Directors therefore recommend the Special Resolution as set out at Item No. 7 for the approval of the shareholders.

None of the Directors is, in any way, concerned or interested in the Special Resolution, except as member, if any, of the Company.

Item No. 8

The shareholders of the Company had at the 21st Annual General Meeting of the Company held on 29th July, 2008 approved the appointment of Shri Satish Kelkar Vice-Chairman as an Advisor to the Company with effect from 1st October, 2007 for a period of three years.

The Board of Directors of the Company have, subject to the approval of the Shareholders and approval of Central Government, and after obtaining necessary recommendation from the Remuneration Committee of the Board of Directors of the Company in the meeting held on 7th May 2010, re-appointed Shri Satish Kelkar, Vice Chairman of the Company as an Advisor to the Company for a further period of three years on monthly retainership fees of Rs. 1,10,000/- (Rupees One Lac Ten Thousand only) with effect from October 1, 2010.

Shri Satish Kelkar is B.Sc. from Mumbai University and has Masters Degree in Management Studies (MMS). He has 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 is 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 difficult 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 Nerolac Paints, Excel Corp Care, United Phosphorous etc. He developed export relationships with large multinationals like Lubrizol of U.S.A. Altana of Germany, Owens Corning of U.S.A, Ciba of Switzerland etc. and entered into long term contracts for the Company for export of its products.

In terms of Section 309(4) of the Companies Act, 1956, payment of any remuneration to Shri Satish Kelkar will require prior approval of the shareholders and also approval of the Central Government.

The draft of the Agreement to be entered into by the Company with Shri Satish Kelkar is available for inspection by the members at the Registered Office of the Company between 11 A.M. and 1 P.M. on all days except Saturdays, Sundays

and Public Holidays, till the conclusion of the ensuing General Meeting.

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

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

This Explanatory Statement together with the accompanying Notice may also be regarded as an abstract of the terms of variation under Section 302 of the Companies Act, 1956.

Profile of the Directors being re-appointed as required under clause 49 of the Listing Agreement entered with Stock Exchange

Name: Shri Sandeep Junnarkar

Shri Sandeep Junnarkar (58) is Science graduate with a postgraduate degree in Law.

Shri Sandeep Junnarkar is a solicitor and a Partner in the law firm Messrs Junnarkar & Associates. His areas of specialization include banking laws, corporate laws including monopolies laws, exchange control laws and securities regulations.

Shri Sandeep Junnarkar is a Director of the Company since 27th February, 1992. Shri Sandeep Junnarkar is due to retire by rotation at the forthcoming Annual General Meeting of the Company and being eligible, offers himself for re-appointment.

His Directorship and Committee Membership of other Public Limited Companies, as at 31st March 2010 is as follows;

Company	Position	Committee membership
Everest Industries Ltd	Director	Audit Committee (Member) Remuneration Committee (Member)
Excel Crop Care Ltd	Director	Remuneration Committee (Member)
IL & FS Infrastructure Development Corporation Ltd.	Director	Remuneration Committee (Member)
Jai Corp Ltd.	Director	N.A.
Jai Realty Ventures Ltd.	Director	N.A.
Reliance Industrial Investments Ltd.	Director	Audit Committee (Member) Investor Grievance Committee (Member) Remuneration Committee (Member)
Reliance Industrial Investments and Holdings Ltd.	Director	N.A.
Sterlite Energy Ltd.	Director	Audit Committee (Member) Investor Grievance Committee (Member) Remuneration Committee (Member)
Sterlite Industries (India) Ltd.	Director	Audit Committee (Member) Investor Grievance Committee (Chairman)

He is holding 2000 (0.02%) Equity Shares of Rs. 10/- each of the company.

Name: Shri Bipin Jhaveri

Shri Bipin Jhaveri (71) is a B.A, B.Com, Fellow member of Institute of Chartered Accountant of India, and Fellow member of Institute of Company Secretaries of India.

Experience: He has over four decades of experience in the field of accounts, corporate finance and taxation. He has been a member of Bhagwati Committee setup by SEBI to suggest changes in Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulation 1997, representing Assochem. He has been serving on various Committees of Assochem, Bombay Chamber of Commerce and Industries and Indian Merchant Chambers.

The Board of Directors is a Director of the Company since 21st April 2005. Shri Bipin Jhaveri is due to retire by rotation at the forthcoming Annual General Meeting of the Company and being eligible, offers himself for re-appointment.

His Directorship and Committee Membership of other Public Limited Companies, as at 31st March 2010 is as follows;

Company	Position	Committee membership
Apcotex Industries Ltd	Director	Audit Committee (Member) Remuneration Committee (Member) Investor Grievance Committee (Member)
Aeonian Investment Company Limited	Director	Audit Committee (Member)
Balasesh Leafin Limited	Director	N.A.
Mazda Colours Limited	Director	Remuneration Committee (Chairman)
Nurture Finance Limited	Director	N.A.
Shyamal Finvest (India) Limited	Director	N.A.

DIRECTORS' REPORT

DEAR SHAREHOLDERS,

Your Directors are pleased to submit their 23rd Annual Report and Audited Accounts for the year ended 31st March, 2010 along with Management's Discussion and Analysis of performance of your Company:

A OVERVIEW OF FINANCIAL RESULTS

Highlights of Company's performance during the financial year 09-10 are as under.

(Rs. In Lacs)

Sr. No.	Particulars	2009-2010	2008-2009	Change over Previous year
1	Gross Sales	6864	6846	0.27%
2	Net Sales	6450	6304	2.32%
3	Other Income	5	66	
4	Total Income	6455	6370	1.33%
5	Operating Profit (EBITDA)	919	740	24.19%
6	Interest	355	316	
7	Profit before Depreciation and Tax (Cash Profit)	564	424	33.25%
8	Depreciation	181	153	
9	Net Profit / (Loss) before Tax	383	271	41.33%

B MANAGEMENT'S DISCUSSION AND ANALYSIS :

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

I. The Company is operating in only one Segment, namely '**Speciality Chemicals**'.

II. Industry Structure & Development :-

Your Company manufactures process chemicals that are formulated to meet requirements of various industrial applications and are known as "Speciality Chemicals" (SC)

Some of these Speciality Chemicals are Ethylene Oxide (EO) based derivatives called Ethylene Oxide Condensates (EOC). For the EOC industry, EO is a vital input. EO is a product manufactured mainly for captive consumption by Petrochemical complexes to produce MEG, a vital input for Polyester Fibre industry. Based on the captive requirements and market conditions for "MEG", petrochemicals complexes allocate EO to EOC industry. EOC industry greatly depends on availability and prices of EO for its growth.

The EOC Industry comprises of a larger number of players in the Commodity Ethylene Oxide condensates and a smaller number concentrating on EO based Speciality Chemicals and others. Your Company is presently in the later group and manufactures, besides EO based Speciality Chemicals, a range of Anti-oxidants and certain other Chemicals, which are not dependent on EO. The range of Antioxidants is required by a diverse group of industries in the field of lubricants, plastics, polymers, rubber, tyre, pesticides, ink, coatings, resins and many other industries.

The Company is presently catering to the requirements of large domestic Companies and prime multinational companies operating in North and South America; in Europe – Germany, France, Italy, Netherlands; and also in Asia – Korea, Taiwan, Malaysia, Japan etc.