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SUNITEE CHEMICALS LIMITED

Regd. Office : 45, NEW CLOTH MARKET,
AHMEDABAD

NOTICE

Notice is hereby given that the Fifth Annual General Meeting of the Members of **SUNITEE CHEMICALS LIMITED** will be held on Tuesday, the 30th September, 1997 at 11 A.M. at it's Registered Office at 45, New Cloth Market, Ahmedabad to transact the following business.

ORDINARY BUSINESS

1. To consider and adopt the Audited Balance Sheet as at 31st March, 1997 and Profit and Loss Account for the year ended on that date and the Report of the Board of Directors and Auditors thereon.
2. To appoint a director in place of Shri Brij Mohan Saraf to retire by rotation and being eligible, offer himself for reappointment.
3. To appoint a director in place of Shri Sunil Saraf to retire by rotation and being eligible, offer himself for reappointment.
4. To appoint Auditors from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and to fix their remuneration.

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By order of the Board
For, Sunitee Chemicals Limited

Chairman

PLACE : AHMEDABAD

DATE : 15.09.97

NOTES :

- (a) A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the company.

A proxy form, duly completed and stamped, must reach the Registered Office of the Company not less than 48 hours before the aforesaid meeting.

- (b) Register of Members and Share Transfer Books of the Company will remain closed from Friday the 26th September, 1997 to Saturday, 30th September, 1997 both days inclusive.

- (c) Members desiring any information on the Accounts are requested to write to the Company at least one week before the meeting, so as to enable the Management to keep the information ready. Replies will be provided only at the meeting.

- (d) Members are requested to notify the Company of any changes in their address (in full) with the postal area pin code number, quoting their folio numbers.

**Certified to be True Copy
For Sunitee Chemicals Limited**

SUNITEE CHEMICALS LIMITED
45, NEW CLOTH MARKET,
AHMEDABAD-380 002.

DIRECTORS REPORT

The Directors have pleasure in presenting the Fifth Annual Report and Audited Accounts for the year ending on 31st March, 1997.

Financial Results

	<u>1996-97</u>	<u>1995-96</u>
	Rs.	Rs.
Sales and other income	78,72,689	1,18,67,105
Profit before depreciation and Tax	1,41,314	2,63,301
Depreciation	1,31,711	1,24,261
Provision for Taxation	8,716	NIL
Net Profit for the year	887	1,39,419

Appropriations

Proposed Dividend	NIL	2,32,200
Transfer to General Reserve	NIL	NIL
Balance carried to Balance Sheet	29,011	28,124

Dividend

In absence of adequate profits the directors do not recommend any dividend.

Operational review

During the year under review, the company's Turnover is less than expected. It has registered sharp fall from Rs. 107.79 Lacs in previous year to Rs. 67.76 Lacs this year owing to the recessionary trends.

Prospect

In the current year the Directors are confident that not only they will achieve higher turnover they will show impressive results.

Projections v/s performance

The actual performance for the year 1996-97 as compared with the projected financial performance, indicated in the prospects dated 26.04.96 is as under :

	Projected (Rs. in Lacs)	Actuals (Rs. in Lacs)
Total Income	864.25	78.73
Net Profit after tax	124.07	0.01

The projected results could not be achieved as the Chemical Industry was passing through a bad phase due to environmental problems.

Concl.....

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Directors

Shri Brij Mohan Saraf and Shri Sunil Saraf were retired by rotation and being eligible, offer themselves for re-appointment.

Your directors recommend the same for your approval.

Auditor

M/s. Rajkumar R. Kothari & Co., Chartered Accountants, the retiring auditor have expressed their willingness to re-appointed. You are requested to appoint auditor and to fix their remuneration at the fifth Annual General Meeting.

Insurance

All the properties of the company have been adequately insured.

Deposits

During the year under review, the company has not invited any deposits from the public.

Conservation of Energy, Technology, Absorption, Foreign Exchange Earnings/out go.

A) Conservation of Energy

	For the year ended on 31.03.97	For the year ended on 31.03.96
(i) Electricity Consumed	Rs. 1,71,442	1,67,494
(ii) Own Generation	NIL	NIL
(iii) Coal	NIL	NIL
(iv) Furnace Oil	NIL	NIL

B) Technology Absorption

NIL NIL

C) Foreign Exchange earned/out go

NIL NIL

Particulars of Employees

During the year, the company had no employees drawing remuneration equal to or more than the limits prescribed under Section 217 (2A) of the Companies Act, 1956, read with the companies (Particulars of the employees) Rules, 1975.

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Acknowledgement

Your directors take the opportunity to express their sincere thanks to banks, suppliers, State and Central Government etc. for their co-operation and assistance. They also record their appreciation for the contribution made by the employees at all levels to the operations of the company during the year. Last but not the least, your Directors wish to place on record their gratitude to the shareholders for evincing interest in the Public Issue of the shares of the company.

For and on behalf of the Board of Directors


Chairman

PLACE : AHMEDABAD

DATE : 15.09.97


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RAJKUMAR R. KOTHARI & CO.
CHARTERED ACCOUNTANTS,
49, NEW CLOTH MARKET,
AHMEDABAD-380 002

PHONE : 2160820

A U D I T R E P O R T

Report of the auditors to the shareholders we have audited the attached Balance Sheet of **SUNITEE CHEMICALS LIMITED** as at 31st March, 1997 and also the Profit & Loss Account was prepared for the year ended on that date and report as under :

1. We have obtained all information and explanation which to be the best of our knowledge and belief were necessary for the purpose of our audit.
2. In our opinion, proper books of accounts as required by law have been kept by the company, so far as appears from our examination of the books.
3. The Balance Sheet dealt with by this report are in agreement with the books of accounts.

In our opinion and to the best of our information and according to the explanations given to us, the accounts read with the notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view :

- (i) in the case of Balance Sheet, of the states of affairs of the Company as at 31st March, 1997.
- and
- (ii) in the case of the Profit & Loss Account, of the profit of the Company for the year ended on that date.

As required by the Manufacturing and Other Companies (Auditor's) Report, 1988 issued by the Central Government in terms of section 227 (4A) of the Companies Act, 1956 and on the basis of such checks of books and records of the company, as we considered appropriate and according to the information and explanation given to us during the course of audit, we further state on the matters specified in paragraph 4 & 5 of the said Order that :-

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. The fixed assets were physically verified by the Management during the year. So far as were able to ascertain no serious discrepancies were noticed on such verification as compared with the book records.
2. None of the fixed assets have been revalued during the year.
3. The company has a perpetual inventory system in respect of stores and spare parts. Stocks of finished goods and raw materials have been physically verified during the year by the Management. In our opinion, the frequency of verification of stocks is reasonable.

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4. The procedure of physical verification of stocks followed by the Management is generally reasonable and adequate in relation to the size of the Company and the nature of its business.
5. The discrepancies noticed on verification between the physical stocks and the book records were not significant in relation to the size and nature of operations of the Company and the same have been properly dealt with in the books of account.
6. In our opinion, the valuation of the stocks is fair and proper in accordance with normally accepted accounting principles. The valuation is on the same basis as in the previous year.
7. As explained to us, the Company has a regular procedure for determination and write-off of unserviceable or damaged stores and raw materials and adequate provision has been made in the accounts for the loss arising on the items so determined.
8. In our opinion, reasonable records have been maintained by the Company for the sale and disposal of scrap. According to the information and explanations given to us, the Company has no significant realisable by-products.
9. In our opinion the Internal Audit System is commensurate with the size of the Company and the nature of its business.
10. The Central Government has not prescribed under Section 209(1) (d) of the Companies Act, 1956, maintenance of cost records in respect of Sodium Sulphite and Sodium Bi Sulphite.
11. The company has not granted any loans, secured or unsecured to companies, firms, or other parties in the register maintained Under Section 301 or to the companies under the same management as defined Under Sub-section (1-B) of Section 370 of the Companies Act, 1956.
12. The company has not taken any loans, secured or unsecured to companies, firms, or other parties in the registered maintained Under the Section 301 or from the companies under the same management as define Under Sub-section (1-B) of Section 370 of Companies Act, 1956.
13. Company has given interest free loan or advances in the nature of loans, the principal amounts are generally being repaid as stipulated.
14. In our opinion, and according to the information and explanations given to us, there are adequate internal control procedure commensurate with the size of the company and the nature of its business with regard to purchase of stores, raw materials, plant & machinery, equipments, and other assets and also for sale of goods.
15. In our opinion according to the information and explanation given to us, there is no transactions of purchase of goods and materials, sale of goods, materials, and services made in pursuance of contracts or arrangements entered in the register maintained under section 301 and aggregating during the year to Rs. 50,000/- or more in respect to each party.

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