

11th ANNUAL REPORT

2002-2003



SUNITEE CHEMICALS LIMITED

**Regd. Office : 201, Swayam Complex, 9-B, Shreyas Colony,
Stadium Circle, Navrangpura, Ahmedabad.**



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REGISTRATION NO. : 04-17164

BOARD OF DIRECTORS :

Shri Brij Mohan Saraf	:	Chairman
Shri Sunil Saraf	:	Director
Shri Umang Saraf	:	Director

AUDITORS

Nikhil Goyal & Associates
Chartered Accountants,
A-10, Samruddhi Society,
Shahibaug, AHMEDABAD-380 004.

BANKERS

The Kalupur Comm. Co. Op. Bank Ltd.
Swastik Branch, C. G. Road,
Ahmedabad.

Indian Overseas Bank
Stadium Branch, Ahmedabad - 9.

Registrar and Share Transfer Agent

Sharepro Services
Satam Estate, 3rd Floor,
Cardinal Gracious Road, Chakala,
Andheri (E), Mumbai - 400 099.

NOTICE

NOTICE is hereby given that the Eleventh Annual General Meeting of Members of **SUNITEE CHEMICALS LIMITED** will be held on Saturday the 30th September, 2003 at 11.00 A.M. at its Registered Office at 201, Swayam Complex, 9-B, Shreyas Colony, Stadium Circle, Navrangpura, Ahmedabad to transact the following business :

ORDINARY BUSINESS

1. To consider and adopt the Audited Balance Sheet as at 31st March 2003 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 Sunil Saraf who retires by rotation and being eligible offer himself for reappointment.
3. To consider and if thought fit, to pass with or without modification, the following resolution as an ordinary resolution:
"RESOLVED THAT M/s. Janak Shah Associates, Chartered Accountants be and are hereby appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting at the remuneration to be decided by B. M. Saraf Chairman & M/s. Janak Shah Associates.

SPECIAL BUSINESS:

4. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution :
"RESOLVED THAT, Shri Sandip Rajnikant Shah be and is hereby appointed as a director of the company, liable to retire by rotation."
5. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution :
"RESOLVED THAT, Shri Jignesh Mahendrabhai Shah be and is hereby appointed as a director of the company, liable to retire by rotation."
6. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution :
"RESOLVED THAT, Shri Mehul Sureshchandra Shah be and is hereby appointed as a director of the company, liable to retire by rotation."
7. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution :
"RESOLVED THAT, Shri Dhiraj Sharadbhai Patil be and is hereby appointed as a director of the company, liable to retire by rotation."

PLACE : AHMEDABAD

DATE : 1/9/2003

By order of the Board
For, Sunitee Chemicals Limited
(B. M. Saraf)
Chairman

EXPLANATORY STATEMENT: -**Appointment of Additional Directors: -**

Item No. : - 4 to 7

The Company has received Notices under Section 257 of the Act from shareholders signifying their intention to propose the respective appointments of Shri Sandip Rajnikant Shah, Shri Jignesh Mahendrabhai Shah, Shri Mehul Sureshchandra Shah & Shri Dhiraj Sharadbhai Patil at the said Annual General Meeting. They all have filed with the Company their consent under Section 264 (1) of the Act to act as directors, if appointed.

All these persons in their capacity as Non-Executive Independent Directors will bring to bear on the company their wide & varied Business experience & expertise which will prove invaluable to the Company. The Board, therefore, recommends their appointment subject to the retirement of directors by rotation. Hence the proposed Resolutions.

Shri Sandip Rajnikant Shah, Shri Jignesh Mahendrabhai Shah, Shri Mehul Sureshchandra Shah & Shri Dhiraj Sharadbhai Patil are concerned or interested with regard to resolutions set out under items no. 4 to 7 respectively of accompanying Notice as these relate to their appointment. No other Directors has any concern or interest in the resolutions.

NOTES:

1. A member entitled to attend and vote is entitled to appoint 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.
2. Register of Members and Share Transfer Books of the Company will remain closed from 23.09.03 to 30.09.03. (Both days inclusive).
3. 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.
4. 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 number.



SUNITEE CHEMICALS LIMITED

DIRECTORS' REPORT

To,
The Shareholders,

Sunit Chemicals Limited

The Directors have pleasure in presenting the Eleventh Annual Report and Audited Accounts for the year ending on 31st March, 2003.

	[Rs. in lacs]	
Financial Results	2002 - 2003	2001 - 2002
1. Sales and other income	199.98	196.82
2. Profit/(Loss) before depreciation and Tax	(3.06)	4.20
3. Depreciation	0.43	4.38
4. Provision for Taxation/earlier year tax adjustment	-	0.12
5. Profit/(Loss) after tax	(2.89)	2.70
Appropriations		
Proposed Divided	NIL	NIL
Transfer to General Reserve	NIL	NIL
Balance carried to Balance Sheet	(12.11)	(9.23)

DIVIDEND:

In view of loss incurred by the company your directors do not recommend any dividend.

TRANSFER OF UNPAID DIVIDEND:

There is no unpaid / unclaimed Dividend with the Company.

OPERATIONAL REVIEW

The Operation during the year under review remained effected due to recessionary trend prevailing in the market. Event such as communal riots in state of Gujarat resulted in sever recession in the state. During the year under review, the company carried out trading of equity shares and registered a turnover of Rs.199.98 Lacs. The Directors have put in efforts and are exploring the possibility to achieve better results in future.

CHANGE IN CAPITAL STRUCTURE:

During the year the Equity Shares of the Company has been split into 52001000 shares of Rs 1/- each from 5200100 Equity shares of Rs 10/- each.

DIRECTORS:

Shri Sunil Saraf retires by rotation at the ensuing Annual general Meeting and being eligible offers himself for reappointment.

DIRECTOR'S RESPONSIBILITY STATEMENT PURSUANT TO SECTION 217(2AA)

It is hereby confirm that :

- That in the preparation of the annual accounts the applicable accounting standards have been followed along with proper explanation related material departure.
- That the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the stage of affairs of the company at the end of the financial year of the profit or loss of the company that period.
- That the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision this Act for safeguarding the assets of the company and for preventing detecting fraud and other irregularities.
- That the directors have prepared the annual accounts on a going basic.

AUDITORS:

You are requested to appoint M/s Janak Shah Associates, Chartered Accountants, as auditors for the current financial year to hold office from the conclusion of the Annual General Meeting until the conclusion of the next Annual General Meeting and



to fix their remuneration.

The Company has received a certificate from M/s. Janak Shah Associates, Auditors of the Company to the effect that their reappointment if made would be within the limits specified under section 224 (1B) of the Companies Act, 1956.

AUDITOR'S OBSERVATION:

No adverse observations have been made by the statutory auditors in their report.

AUDIT COMMITTEE:

The Company has constituted an Audit Committee pursuant to the provisions of the Section 292A of the Companies Act, 1956 and as required under clause 49 of Listing Agreement, which consist following members:

- | | |
|---------------------|---------------------------|
| 1. Shri B. M. Saraf | Chairman of the Committee |
| 2. Shri Sunil Saraf | Member of the Committee |
| 3. Shri Umang Saraf | Member of the Committee |

The terms of reference of the Audit Committee mandated by your Board of Directors which is also in line with the statutory and regulatory requirements are:

- Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending the appointment and removal of external auditors, fixation of audit fees and also approval for payment for any other service.
- Reviewing with management the annual financial statements before submission to the Board.
- Reviewing with management, external and internal auditors, the adequacy of internal control systems.
- Reviewing the adequacy of internal audit function including structure of the internal audit department, staffing and seniority of the officers heading the department, reporting structure coverage and frequency of internal audit.
- Discussion with internal auditors on any significant findings and follow up thereon.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussion with external auditors before the audit commences, nature and scope of audit as well as having post audit discussions to ascertain any area of concern.
- Reviewing the Company's financial and risk management policies.

DEPOSITS:

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

INSURANCE :

All the properties of the company have been adequately insured.

CONSERVATION OF ENERGY, TECHNOLOGY, ABSORPTION, FOREIGN EXCHANGE EARNINGS/OUT GO.

	[Rs. in lacs]	
	For the year ended on 31.03.2003	For the year ended on 31.03.2002
(A) Conservation of Energy		
(i) Electricity Consumed	NIL	NIL
(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



SUNTEE CHEMICALS LIMITED

PARTICULARS OF EMPLOYEES :

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

This has been dealt with in the separate annexure to this report

CORPORATE GOVERNANCE REPORT:

A separate report on Corporate Governance as prescribed by the Listing Agreement of the relevant Stock Exchanges forms part of the Annual Report 2002-2003 along with Auditors statement on its compliance.

LISTING:

The Shares of the Company at present are listed at the Stock Exchange Ahmedabad and Mumbai Stock Exchange. The Company has paid Annual Listing fees on Both Stock Exchanges upto 31.03.2004. Trading in shares not suspended on any Exchange.

DEMATERIALISATION OF EQUITY SHARES

As per direction of SEBI and Stock Exchange Mumbai, the shares of the Company are under compulsory demat form. The company has established connectivity with NSDL & CDSL and ISIN No. of the Company is INE714C01014.

MATERIAL DEVELOPMENT:

No material developments have taken place since the closure of the financial year upto the date of this report.

ACKNOWLEDGMENT:

Your directors place on record their sincere thanks for the continuous support of the Banks, valued Customers and devoted staff for their continuous contribution to the growth and progress of the Company.

The Directors also express their gratitude to the shareholders for the confidence put into the management of the company.

On Behalf of the Board
For, Suntee Chemicals Limited

PLACE : AHMEDABAD
DATE : 30/05/2003

(B. M. Saraf)
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

Pursuant to Clause 49 of the Listing Agreement, a Management Discussion and Analysis Report is Given below:-

INDUSTRIAL STRUCTURE AND DEVELOPMENT:

The general economic slow down coupled with nervous markets made the financial year 2002-2003 difficult for the many companies. Events such as Communal Riots in state of Gujarat and Iraq Freedom Mission by United State of America created general uncertainty and lack of confidence in the market. Your Company suffered operating loss during the Financial year 2002-2003 due to reversionary trend prevailing in the market.

OUTLOOK ON OPPORTUNITIES, THREATS, RISK AND CONCERNS

As far as the future outlook is concerned, the company is expected to increase the scope of the business in the future, considering the fact that industrial growth picks up. The company is developing better business strategies which over a period of time shall have potential to be profitable.

The Success of liberalization of the Nineties and the Financial Market becoming Global the company has excellent opportunity area in the future. However, an area of concern for the company in the short term is lack of Financial Resources.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Company is committed to maintaining high standards of internal controls designed to provide accuracy of information, efficiency of operations, and security of assets. The company has adequate internal controls commensurate with the size and nature of its operations to ensure orderly and efficient conduct of business.

These controls ensure the safeguarding of assets, prevention and detection of fraud and error, the accuracy and completeness of the accounting records, timely preparation of reliable financial information and adherence to companies policies, procedures and legal obligations. the audit committee of the Board of Directors meets periodically to review the performance as reported by the auditors.

FINANCIAL PERFORMANCE

The companies turnover for the Financial year 2002-2003 is Rs. 199.98 Lacs. The Loss before taxation for the current Financial Year is Rs. 2.89 as against previous year Rs. 2.70 Lacs.

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/ INDUSTRIAL RELATIONS FRONT.

There has been no material development on the Human Resource/Industrial Relations Front during the year.

CAUTIONARY STATEMENT

Management Discussion and Analysis report are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realized by the Company. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operation include global and Indian market conditions, changes in the Government Regulations, Tax regimes and such other factor.

The Company assumes no responsibility to publicly amend, modify or revise any of these statements on the basis, of any subsequent developments, information or events.

REPORT ON CORPORATE GOVERNANCE

1. Company's Philosophy on Corporate Governance

The Company views sound corporate governance as an integral part of its efforts to enhance shareholder's value. The Company endeavors to safeguard the interest of investors, customers, suppliers and lenders and build the confidence of society in general. The company believes in adopting the philosophy of professionalism, transparency and accountability in all areas.

2. Board of Directors

i. Pecuniary Relationship

Non-Executive Directors do not have any Pecuniary relationship with the company, except as stated in clause 4 of this report.