

Sunitee Chemicals Limited

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**13th ANNUAL REPORT
2004-2005**

SUNITEE CHEMICALS LIMITED**BOARD OF DIRECTORS**

Shri Vipin Chandra Shivhare	Managing Director
Shri Brij Mohan Saraf	Director
Shri Mehul Sureshchandra Shah	Director
Shri Pushpendra Neema	Director
Shri Sandip Rajnikant Shah	Director

CORPORATE GOVERNANCE TEAM**AUDIT COMMITTEE**

Shri B. M. Saraf	- Chairman
Shri Pushpendra Neema	- Director-Member
Shri Mehul Shah	- Director-Member

INVESTORS SERVICES COMMITTEE

Shri B. M. Saraf
Shri Pushpendra Neema
Shri Mehul Shah

REMUNERATION COMMITTEE

Shri Pushpendra Neema	Director – Member
Shri Mehul Shah	Director – Member
Shri Sandip Shah	Director – Member

BANKERS OF THE COMPANY

The Kalupur Comm. Co-op, Bank Ltd. Swastik Branch, Ahmedabad.
Indian Overseas Bank, Stadium Branch, Ahmedabad.

STATUTORY AUDITORS(2004-05)

Ms. Janak Shah Associates.
Chartered Accountants,
Ahmedabad.

**STATUTORY AUDITORS(2005-06)
(Proposed)**

Ashish Vyas & Co.
Chartered Accountants
Indore, Madhya Pradesh

LISTING**AHEMDABAD**

The Stock Exchange Ahmedabad
Kamdheni Complex,
Nr. Panjarapole,
Ambawadi, Ahmedabad – 380 015.

MUMBAI

Bombay Stock Exchange Limited
25th Floor, P. J. Towers,
Dalal Street, Fort,
Mumbai – 400 001.

**REGISTRAR & SHARE
TRANSFER AGENTS**

Sharepro Services (I) Pvt. Ltd.
Satam Estate, 3rd Floor,
Above Bank of Baroda,
Cardinal Gracious Road,
Chakala, Andheri (East),
Mumbai - 400 099

REGISTERED OFFICE ADDRESS

D-133, Shri Ghantakarna Mahaveer Market,
Near New Cloth Market, Sarangpur,
Ahmedabad, Gujarat

SUNITEE CHEMICALS LIMITED**NOTICE**

NOTICE is hereby given that the THIRTEENTH ANNUAL GENERAL MEETING of the Members of SUNITEE CHEMICALS LIMITED will be held on Friday, 30th September, 2005 at 10.00 a.m. at the Registered Office of the Company at D-133, Shri Ghantakarna Mahaveer Market, Near New Cloth Market, Sarangpur, Ahmedabad, Gujarat to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as at 31st March 2005 and the Profit & Loss Account for the year ended on that date and reports of the Directors and Auditors thereon.
2. To appoint a Director in Place of Shri Brij Mohan Saraf, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in Place of Shri Mehul Shah, who retires by rotation and being eligible, offers himself for re-appointment
4. To appoint Messrs Ashish Vyas & Co., Chartered Accountants, as the Statutory Auditors of the Company in place of the retiring Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorize Board of Directors to fix their remuneration.

Registered Office:

**D-133, Shri Ghantakarna Mahaveer Market,
Near New Cloth Market,
Sarangpur, Ahmedabad, Gujarat
Date : 30.08.2005**

For and on Behalf of the Board

**Vipin Chandra Shivhare
Managing Director**

NOTE:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THAT THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE SCHEDULED TIME OF THE MEETING. A BLANK PROXY FORM IS ANNEXED TO THE ANNUAL REPORT.
2. The explanatory statement as required under section 173(2) of the Companies Act, 1956 in respect of special business mentioned in the above notice is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 27th September, 2005 to 30th September, 2005 (inclusive both days).
4. Members are requested to intimate to the Company, quoting Registered Folio number, change in their address, if any, with the Pin code number.
5. In all correspondence with the Company or it's Share Transfer Agents, members are requested to quote their account / folio number and in case the shares are held in the dematerialized form, they must quote their client ID number and their DP ID number.
6. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to send their queries to the Company at least seven days before the date of the meeting so that the information required by the members may be made available at the meeting.

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7. Members attending the meeting are requested to bring with them the Attendance Slip attached to the Annual Report duly filled in and signed and handover the same at the entrance of the hall.
8. **EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956.**

There are no special business(s) proposed to be transacted, hence no explanatory statement is attached herewith.

Registered Office:

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Date : 30.08.2005**

For and on Behalf of the Board

**Vipin Chandra Shivhare
Managing Director**

Profiles of Directors seeking re-appointment.

Mr. Brij Mohan Saraf is a senior Chartered Accountant and has very rich experience in the field of finance, accounts, taxation, planning and management.

Mr. Mehul Shah is a graduate and has vast experience in the field of general and financial management and planning.

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SUNITEE CHEMICALS LIMITED**DIRECTORS' REPORT**

To the members,

Your Directors have pleasure in presenting the Thirteenth Annual Report and Audited Accounts for the financial year ended 31st March, 2005

FINANCIAL RESULTS

(Rs. in lacs)

Particulars	2004-2005	2003-2004
Total Income	177.94	45.98
Total expenditure	177.02	44.94
Operating profit (PBIDT)	0.92	1.04
Depreciation	0.26	0.26
Profit before Taxation/Prior period Adjustment	0.66	0.78
Prior period Adjustment	0.00	0.00
Provision for Tax	0.05	0.05
Deferred Tax	0.00	0.01
Add: Deferred Tax Liability Reversal	0.03	0.00
Profit after Taxation	0.64	0.71
Add Balance brought forward from previous year	(11.39)	(12.10)
Amount available for appropriation	(10.74)	(11.39)
Appropriation:		
To General Reserve	0.00	0.00
Balance carried to Balance Sheet	(10.74)	(11.39)

Dividend

In the absence of sufficient profits, your Directors regret their inability to propose any Dividend for the year 2004-05.

Results of Operations

During the year under review the Company posted a turnover of Rs. 177.94 Lacs (Previous Year Rs. 45.98 Lacs) and a net profit of Rs. 92,000 (Previous year Rs. 1,04,000).

New Project and Business Development

The Company has been carrying on the trading of In-Organic Chemical Trading as well as Treasury Operations. However, the future growth engine is the Organic Chemical business. Therefore, the Management has chalked out a plan to venture into the area of Organic Chemical business. The details whereof is given elsewhere under the heading Management Discussion and Analysis.

Management Discussion & Analysis Report

In terms of Clause 49 of the Listing Agreement with the Stock Exchanges, Management Discussion & Analysis Report is appended to this Report.

SUNITEE CHEMICALS LIMITED

Corporate Governance

A separate section on Corporate Governance and certificate from the auditors of the Company regarding compliance of conditions of Corporate Governance pursuant to clause 49 of the Listing Agreement with the Stock Exchanges, forms part of the Annual Report.

Environment Protection

The Company is doing only the trading activities. It does not generate any water or Air Pollution. Hence, the law and regulations relating to the Pollution Control and Environment Protection are not applicable to the Company. Further, the proposed activities of Organic Chemical Business are instead aimed at protection and enrichment of environment and one of the basic needs of healthcare of the human being, i.e., organic food.

Insurance and Protection of Assets

The Company's all fixed assets and tangible movable assets are properly insured against all available commercial risks like fire, flood, earthquake and other extraneous perils from the approved insurance companies. During the year the Company has not made any insurance claims and no such claims are pending for settlement.

Fixed Deposits

Your company has not accepted any fixed deposits during the year under review and as such, no amount of principle or interest was outstanding as on the balance sheet date.

Directors

Mr. Jignesh Shah and Mr. Dhiraj Patil have resigned from the Directorship of the Company on 1st September, 2005 and Mr. Abhishek Khare has ceased from the Directorship of the Company on 25th February, 2005. The Board appreciated the contribution made by them during their association with the Company.

Mr. Brij Mohan Saraf and Mr. Mehul Shah retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-appointment. The necessary resolutions are being placed before the members for approval.

During the year under review, one Special Resolution was put through postal ballot during the year 2004-05 for the appointment of Mr. Vipin Chandra Shivhare as the Managing Director of the Company in compliance with the provisions of the Companies Act, 1956, Regulation 12 and other applicable regulation(s), if any, of SEBI (Substantial Acquisition of Shares & Takeover) Regulations, 1997 and other applicable statutory provisions, if any. The Chairman, Mr. Brij Mohan Saraf, had on 11th April, 2005 declared the result, upon the report of the Scrutinizer M/s. Khandelwal Devesh & Associates, Company Secretaries, and the resolution was carried by requisite majority as Special Resolution approving the appointment of Mr. Vipin Chandra Shivhare as the Managing Director of the Company for a period of Three years.

Auditors

Messrs Janak Shah Associates, Chartered Accountants, Statutory auditors of the Company, have shown their unwillingness to continue as Statutory Auditors of the Company due to pre-occupation. Therefore, the Board proposes the Appointment of Messrs Ashish Vyas & Co., Chartered Accountants, as the Statutory Auditors of the Company from the conclusion of the forthcoming Annual General Meeting of the company until the conclusion of the next Annual General Meeting.

The comments by the Auditors in their Report are self-explanatory and in the opinion of the Board, do not require any further clarifications.

Particulars of Employees

Pursuant to the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 nobody of the Company is drawing salary or commission, which exceeds the limit set out in the above section. Therefore nothing has been mentioned in this regard.

SUNITEE CHEMICALS LIMITED**Directors' Responsibility Statement**

Pursuant to sub-section (2AA) of Section 217 of the Companies Act, 1956, the Board of Directors of the company hereby state and confirm that:

- i. in the preparation of the Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii. the Directors had 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 state of affairs of the company at the end of the financial year and of the profit of the company for the period;
- iii. the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. the Directors had prepared the annual accounts on a going concern basis.

Statutory Disclosure

Information pursuant to 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 is as under:

Part A and Part B relating to Conservation of Energy and Technology Absorption are not applicable to the company.

Details of foreign exchange earnings and outgo are NIL for the financial year under review.

Appreciation

Your directors would like to express their grateful appreciation for the assistance and co-operation received from the Banks, Government Authorities and Shareholders during the year under review. Your Directors wish to place on record their deep appreciation for the services rendered by the Executives, Staff and Workers of the Company at all levels and for their dedication and loyalty.

For and on behalf of the Board

Place : Ahmedabad

Date : 30th August, 2005

Director

Director

MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

1. Industrial Structure and Developments

The overall economic scenario during the financial year 2004-05 was positive excepting few sectors and Chemical Sector (In-Organic) in particular. Due to which the Company has to rely more on the other segment, i.e., Treasury Operations. However, the management has chalked out a plan to venture into the field of Organic Chemical business, a future growth engine, and an area that has tremendous potential and untapped growth opportunities to serve all the stakeholders in particular and the society at large in general.

2. Outlook on Opportunities, Threats, Risk and Concerns

Opportunities

The management's vision to venture into the Organic Chemical Business by using the Bio-Technology in Organic food through contract farming and Organic Manure from Wastes is inspired by the following opportunities the Company could exploit:

- The Organic Chemical is based on natural process and it does not adversely affect the Ecological System.
- It helps protect the environment
- It gives healthy food, healthy atmosphere
- And last but not the least, it has a potential to be a highly profitable venture.

Threats, Risk and Concerns:

The Business of Organic Chemicals has certain threats, risk and concerns:

- Availability of input, i.e., wastes having organic contents.
- Government policies
- Climatic Conditions, which is cause for concern particularly in India, whose majority of the crop is dependent on the Monsoon Rains.
- Availability of suitable land which could be used for the production of Organic Manure.
- Natural Calamities, which might reduce the availability of the input.
- Mobilization of resources to implement the project, including, internal resources, Bank financing, raising of funds from the shareholders, associating any strategic stakeholder(s), etc. To this end the management has begun exploring the available options at the lowest cost to meet the financial requirements.
- Required technology to implement the project. To this end, the management has already begun short listing the potential partners who could meet the technology requirement for the future projects of the Company.

Therefore, the success of the Project is dependent, inter-alia, on the above factors.

3. Internal Control Systems and their Adequacy

The Company has adequate internal control systems and procedures to ensure that all assets are safeguarded and protected against any loss from unauthorized use and that all transactions are authorized and reported correctly.

SUNITEE CHEMICALS LIMITED

The processes and systems followed by the company at operational level have been integrated with the equipments and people associated therewith. In the Chemical industry, the process & systems followed are significantly important and are often shared with the customers to build the requisite confidence. The management is happy to state that the emphasis on the processes and systems is paying rich dividends in terms of quality performance and customer satisfaction.

4. Financial Performance

The Company's total turnover for the financial year 2004-05 is 177.94 Lacs (Previous Year 45.98 Lacs). However, due to the restructuring exercise being done, the bottom-line has hit and the Company could earn a Net Profit of only 0.66 Lacs (Previous Year 0.78 Lacs). However, the Company has been planning new business in the current year which are highly profitable.

5. Development of Human Resources

The company has been proactive in building the requisite skill-sets in the organization for its new project initiatives. The relevant industry experience of the team coupled with commitment towards adherence to the operating processes adopted by the company is a unique feature demonstrated by the company. Employees are encouraged to upgrade their skills and knowledge through various training programs.

NOTE :

This report contains forward-looking statements based on beliefs of the company's management. The words anticipate, believe, estimate, forecast, expect, intend, plan, should and project are used to identify forward-looking statements. Such statements reflect the company's current views with respect to the future events and are subject to risks and uncertainties. Many factors could cause the actual result to be materially different, including amongst others, changes in the general economic and business conditions, changes in the currency exchange rates and interest rates, introduction of competing products, lack of acceptance of new products or services, and changes in business strategy. Actual results may vary materially from those projected here. The company does not intend to assume any obligation to update these forward-looking statements.