

Sunitee Chemicals Limited

Report  Junction.com

**16th ANNUAL REPORT
2007-2008**

SUNITEE CHEMICALS LIMITED**BOARD OF DIRECTORS**

Shri Vipin Chandra Shivhare	Director
Shri Pushpendra Neema	Director
Shri Dhaval Solanki	Additional Director
Ms. Preeti Patadia	Additional Director

BANKERS OF THE COMPANY

Indian Overseas Bank
UTI Bank Limited

STATUTORY AUDITORS

Ashish Vyas & Co.
Chartered Accountants
Indore, Madhya Pradesh

LISTING**AHMEDABAD**

The Stock Exchange, Ahmedabad
Kamdhenu Complex,
Nr. Panjarapole,
Ambawadi, Ahmedabad - 380 015.

MUMBAI

Bombay Stock Exchange Limited
P. J. Towers,
Dalal Street, Fort,
Mumbai - 400 001.

REGISTERED OFFICE ADDRESS

D-123, Shri Ghantakarna Mahaveer Market,
Near New Cloth Market, Sarangpur,
Ahmedabad - 380 002,
Gujarat

REGISTRAR & SHARE TRANSFER AGENTS

Purva Sharegistry (India) Pvt. Ltd.
Shiv Shakti Ind. Estate.
J.R. Barucha Marg, Opp. Kasturba Hospital,
Lower Parel (East), Mumbai - 400 011.

SUNITEE CHEMICALS LIMITED**NOTICE**

NOTICE is hereby given that the SIXTEENTH ANNUAL GENERAL MEETING of the Members of SUNITEE CHEMICALS LIMITED will be held on Tuesday, the 25th day of November, 2008 at 10.00 a.m. at Narayani Farms & Resorts, Near Apollo Hospital, Airport Gandhi Nagar Highway, Ahmedabad, Gujarat to transact the following businesses:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as at 31st March 2008 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 Vipin Chandra Shivhare, who retires by rotation and being eligible, offers himself for re-appointment
3. To appoint M/s. Sandeep S. Kushwaha & Associates, as the Statutory 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 authorize Board of Directors to fix their remuneration.

"RESOLVED THAT M/s. Sandeep S. Kushwaha & Associates, Chartered Accountants be and are hereby appointed as Auditors of the Company in place of the retiring auditors M/s. Ashish Vyas & Co., who have shown their unwillingness to continue as the auditors of the Company, to hold the office until the conclusion of the next Annual General Meeting at such remuneration as may be mutually agreed to between the Board of Directors and Auditors and reimbursement of out of pocket expenses."

SPECIAL BUSINESS:

4. Appointment of Mr. Dhaval Solanki as a Director of the Company.
To consider and if thought fit to pass with or without modification(s) the following resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. Dhaval Solanki who was appointed by the Board of directors as an additional director of the Company with effect from 22nd August, 2008 and who holds office upto the date of this Annual General meeting of the Company in terms of Section 260 of the Companies Act, 1956 ("the Act") be and is hereby appointed a Director of the Company."

5. Appointment of Ms. Preeti Patadia as a Director of the Company.
To consider and if thought fit to pass with or without modification(s) the following resolution as an Ordinary Resolution:

"RESOLVED THAT Ms. Preeti Patadia who was appointed by the Board of directors as an additional director of the Company with effect from 22nd August, 2008 and who holds office upto the date of this Annual General meeting of the Company in terms of Section 260 of the Companies Act, 1956 ("the Act") be and is hereby appointed a Director of the Company."

Registered Office:
D-133, Shri Ghantakarna Mahaveer Market,
Near New Cloth Market,
Sarangpur, Ahmedabad, Gujarat
Date: 13.10.2008

For and on Behalf of the Board

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

SUNITEE CHEMICALS LIMITED

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 Register of Members and Share Transfer Books of the Company will remain closed from 21st November, 2008 to 25th November, 2008 (inclusive both days).
3. Members are requested to intimate to the Company, quoting Registered Folio number, change in their address, if any, with the Pin code number.
4. In all correspondence with the Company or its 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.
5. 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.
6. 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.
7. Explanatory Statement under Section 173(2) of the Companies Act, 1956 is attached herewith.

Registered Office:
D-133, Shri Ghantakarna Mahaveer Market,
Near New Cloth Market,
Sarangpur, Ahmedabad, Gujarat
Date: 13.10.2008

For and on Behalf of the Board

Director

PROFILE OF DIRECTORS' SEEKING RE-APPOINTMENT

Mr. Vipin Chandra Shivhare is a post graduate in commerce with a rich experience of over 17 years in the field of accounts and finance and general management.

EXPLANATORY STATEMENT U/S 173(2) OF THE COMPANIES ACT, 1956

In conformity with the provisions of section 173(2) of the Companies Act, 1956, the following explanatory statement sets out material facts relating to the Business mentioned under Item Nos. 4 and 5 of the accompanying Notice.

Item No. 4

Mr. Dhaval Solanki and Ms. Preeti Patadia were appointed as Additional Directors of the Company on 22nd August, 2008. As per the provisions of the Section 260 of the Companies Act, 1956, Mr. Solanki and Ms. Patadia hold office only up to the date of the forthcoming Annual General Meeting of the Company, and are eligible for appointment. Keeping in view the experience and expertise of Mr. Solanki and Ms. Patadia, their appointment as Directors of the Company is recommended.

Except Mr. Dhaval Solanki and Ms. Preeti Patadia, being husband and wife, none of the other directors are concerned or interested in the resolution.

Registered Office:
D-133, Shri Ghantakarna Mahaveer Market,
Near New Cloth Market,
Sarangpur, Ahmedabad, Gujarat
Date: 13.10.2008

For and on Behalf of the Board

Director

SUNITEE CHEMICALS LIMITED**DIRECTORS' REPORT**

To the members,

Your Directors have pleasure in presenting the Sixteenth Annual Report and Audited Accounts for the financial year ended 31st March, 2008.

FINANCIAL RESULTS

(Rs. in lacs)

Particulars	2007-08	2006-07
Total Income	109.11	84.50
Total expenditure	108.03	83.02
Operating profit (PBIDT)	1.08	1.48
Depreciation	0.26	0.26
Profit before Taxation	0.82	1.22
Provision for Tax	0.31	0.41
Add: Deferred Tax Liability Reversal	0.05	0.01
Profit after Taxation	0.56	0.80
Add Balance brought forward from previous year	(8.89)	(9.72)
Amount available for appropriation	(8.34)	(8.89)
Appropriation:		
To General Reserve	0.00	0.00
Balance carried to Balance Sheet	(8.34)	(8.89)

Dividend

In the absence of sufficient profits, your Directors regret their inability to recommend any Dividend for the year 2007-08.

Results of operations

During the year under review the Company posted a turnover of Rs. 109.11 Lacs (Previous Year Rs. 84.50 Lacs) and a operating profit of Rs. 1.08 Lacs (Previous year Rs. 1.48 Lacs).

Change in Control of the Company

The Board has proposed to the appointment of Mr. Dhaval Solanki as the Chairman & Managing Director of the Company with effect from the date of declaration of postal ballot, pursuant to the Regulation 12 of the SEBI (Substantial Acquisition of Shares & Takeover) Regulations, 1997 and provisions of the Companies Act, 1956, to be conducted in accordance with the provisions of Section 192A and other applicable provisions, if any, of the Companies Act, 1956 read with Companies (Passing of Resolution by Postal Ballot) Rules, 2001. The Board has, at its meeting held on 13th October, 2008, appointed a committee consisting of two directors of the Company to finalise the Postal Ballot Notice, for obtaining the shareholders approval to the (i) Alteration of Objects Clause; (ii) Commencement of New Business; and (iii) Proposal for approval of the members for the appointment of Mr. Dhaval Solanki as the Chairman & Managing Director of the Company, and to appoint Scrutiniser(s) for the purpose of conducting the Postal Ballot process and take all appropriate steps to implement the above proposals.

SUNITEE CHEMICALS LIMITED

If shareholders approve the appointment of Mr. Dhaval Solanki as Chairman & Managing Director, Mr. Solanki will assume the control of the Company.

New Project and Business Development

Presently, the trading of Organic and In-Organic Chemicals and Treasury Operations are the two core activities of the Company. The management is planning to venture into the field of (i) Real Estate, Construction and Infrastructure Development; and (ii) Manufacturing and Trading of Gems & Jewellery, diamonds, and gold refinery and other incidental objects relevant thereto and has approved the proposal to seek the approval of the shareholder to the alteration of the Other Objects Clause of the Memorandum of Association of the Company and commencement of new business in relation to the aforesaid activities through postal ballot.

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.

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.

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. Vipin Chandra Shivhare will retire at the forthcoming Annual General Meeting and, being eligible, offers himself for re-appointment. The necessary resolution is being placed before the members for approval.

Mr. Dhaval Solanki and Ms. Preeti Patadia were appointed as Additional Directors of the Company with effect from 22nd August, 2008. The Company has received letters from some shareholders proposing the candidature of Mr. Dhaval Solanki and Ms. Preeti Patadia as directors of the Company.

Auditors

Messrs Ashish Vyas & Co., Chartered Accountants, Statutory auditors of the Company, retires at the conclusion of the forthcoming Annual General Meeting of the company and has shown their unwillingness for re-appointment.

SUNITEE CHEMICALS LIMITED

The Board proposes the appointment of M/s. Sandeep S. Kushwaha & Associates, Chartered Accountants, as the Statutory Auditors of the Company from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting. Further, M/s. Sandeep S Kushwaha & Associates have confirmed that their appointment, if made, will be within the limits specified under Section 224 (1B) of the Companies Act, 1956.

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.

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 : 13th October, 2008

Director

Director

SUNITEE CHEMICALS LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

1. Industrial Structure and Developments

During the financial year 2007-08 the overall economic scenario has been quite encouraging and showing some signs of recovery for Chemical Sector (Organic as well as In-Organic) in particular. The Company is banking on both the activities, i.e., Chemical Trading and Treasury Operations. The Company has further identified the real estate construction and development and manufacturing and trading of gems, jewellery, diamonds, gold refinery and incidental objects relevant thereto and has already initiated the process for obtaining the approval of shareholders by way of postal ballot as detailed on the Board's report to the shareholders.

2. Outlook on Opportunities, Threats, Risk and Concerns

Opportunities

The management's has decided to venture into the field of real estate construction and development and manufacturing and trading of gems, jewellery, diamonds; gold refinery and incidental objects relevant thereto which is inspired by the immense opportunities available in the market for growth of the realty and precious metals sector.

Threats, Risk and Concerns:

The Business of real estate construction and development and manufacturing and trading of gems, jewellery, diamonds, gold refinery has certain threats, risk and concerns:

- Availability of suitable lands for construction and development and right quality of raw materials
- Government policies
- General economic conditions and financial sector conditions.
- 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 initiated 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.

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.

SUNITEE CHEMICALS LIMITED

4. Financial Performance

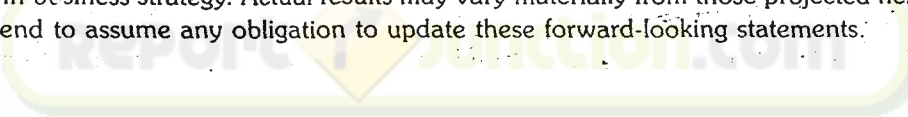
The Company's total turnover for the financial year 2007-08 is 109.11 Lacs (Previous Year Rs. 84.50 Lacs). However, due to the restructuring exercise being done, the bottom-line has hit and could only earn a Net Profit of only 0.56 Lacs (Previous Year Rs. 0.80 Lacs). However, the Company is in the advanced stage of implementing new business ventures which are highly profitable.

5. Development of Human Resources

The company has been proactive to build 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.



SUNITEE CHEMICALS LIMITED**CORPORATE GOVERNANCE REPORT****COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE**

Sunitee Chemicals Limited, being a professionally managed Company, strongly believes that Corporate Governance envisages attainment of high level of transparency, accountability and integrity thereby assisting the top management of the Company in efficient conduct of its business. The Company has been maintaining cordial relations with all stakeholders.

SCL believes that its systems and actions must be integrated for enhancement of overall corporate performance helps maximizing the shareholders value' in the long run, protection of the interest of its shareholders and employees and maintenance of cordial relationship with its customers and bankers. Apart from good remuneration, salaries and other facilities, the Company provides pleasant work atmosphere to its employees. The role of each and every employee is well defined in the hierarchy.

The Company has a Cell for investors' grievances, which promptly and efficiently resolves the problems and queries of the investors of the Company.

The Company places due emphasis on regulatory compliances.

BOARD OF DIRECTORS

During the year under review, 7 Board Meetings were held on 30th June, 2007, 31st July, 2007, 24th August, 2007, 31st October, 2007, 31st January, 2008, 15th February, 2008 and 20th March, 2008. The composition of the Board, attendance at Board Meetings held during the financial year under review and at the last Annual General Meeting, number of Directorships and memberships / Chairmanships in public companies (including the Company) are given below:-

Name of the Director	Category	FY 2007-08 Attendance at		No. of other Directorships	Committee positions	
		Board Meetings	Last AGM		Member	Chairman
Mr. Vipin Chandra Shivhare	Non-Executive, Independent	7	Yes	NIL	3	NIL
Mr. Pushpendra Neema	Non-Executive, Independent	7	Yes	NIL	3	3
*Mr. Dilip Bhamawat	Managing Director	7	Yes	4	NIL	NIL

* Mr. Dilip Bhamawat resigned from the post of Director and Managing Director w.e.f. 13.10.2008.

During the year under review, the Company was having a Managing Director who was looking after the day-to-day operations of the company.

In addition to the matters which statutorily required Board's approval, as required by Corporate Laws and other statutory laws, the following matters are regularly placed before the Board: -

- Minutes of Audit Committee Meetings. Remuneration Committee Meetings and other Committee Meetings.
- Recruitment and Remuneration of senior executives below the Board level.
- Disclosure of material regarding related party transactions, if any, with potential for conflict of interest.
- Quarterly details of finance and risk management strategies.