



# SUNCITY

## SYNTHETICS LTD

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# 19th

## ANNUAL REPORT

### 2006-2007



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Request:

You may desire to have some clarification or additional information on the accounts for the year ended 31<sup>st</sup> March 2007 at the ensuing Annual General meeting. We shall very much appreciate if you will kindly write to us at least ten days in advance to enable us to keep the information ready for you at the meeting.

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**Annual General Meeting :**  
Thursday, 16<sup>th</sup> August 2007  
At 11.00 A.M.  
205, Rajhans Complex,  
Ring Road, SURAT

**BOARD OF DIRECTORS :**

Shri Dhanraj K. Jain  
Chairman

Shri Suresh Dhanraj Kavar  
Managing Director

Shri Naresh Jain  
Director

Shri Mahaveer Kothari  
Independent Director

Shri Madanlal Kothari  
Independent Director

Smt. Rachana Kastia  
Independent Director

**Registered Office:**

205, Rajhans Complex,  
Ring Road,  
Surat

**Adm. Office:**

C-8, Shastri Nagar,  
Jodhpur (Raj.)

**Bankers:**

Indusind Bank, Jodhpur

Surat.

**Factories:**

Unit I : Plot No. E-7, Village Boranada,  
Dist.: Jodhpur

Unit II: Block No. 51, Pipodara, Dist.

**Auditors :**

N.Kumbhat & Co.  
Chartered Accountants  
Surat

**Registrar & Transfer Agent :**

Mondkar Computers (P) Ltd.  
21, Shakil Nivas  
Mahakali Carve Road,  
Andheri (East)  
Mumbai

**NOTICE**

NOTICE IS HEREBY GIVEN THAT THE NINETEENTH ANNUAL GENERAL MEETING OF THE SHAREHOLDERS OF SUNCITY SYNTHETICS LIMITED WILL BE HELD ON THURSDAY, 16TH AUGUST 2007 AT 11.00 a.m. AT THE REGISTERED OFFICE OF THE COMPANY AT 205 RAJHANS COMPLEX, OPP. J.K.TOWERS, RING ROAD SURAT 395002 TO TRANSACT THE FOLLOWING BUSINESS:-

**ORDINARY BUSINESS:-**

1. To consider and adopt the Balance Sheet as at 31.03.2007 and the Profit and Loss Account for the year ended as on date and the Reports of the Board of Directors and Auditors thereon
2. To appoint a Director in place of Shri. Madanlal Kothari, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Ms. Dhanraj Kavar, who retires by rotation and being eligible, offers herself for reappointment.
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting to the conclusion of the next Annual General Meeting and to fix their remuneration

**SPECIAL BUSINESS**

5. To Consider and if thought fit, to pass with or without modifications, the following resolution as a Special Resolution.

RESOLVED THAT subject to the provisions of the Securities Contracts (Regulations) Act, 1956, listing agreement with the Stock Exchanges and Guidelines/Rules of the Securities Exchange Board of India and all other applicable laws, rules, regulations and guidelines and subject to further to such approvals and sanctions as may be required the Board of Directors (hereinafter referred as "The Board" which terms shall include a Committee of Directors) be and is hereby authorised to de-list the Equity Shares of the Company from the Stock Exchange at Ahmedabad and Jaipur

RESOLVED FURTHER THAT the Board be and is hereby authorised to seek voluntary de-listing from Stock Exchange at Ahmedabad and Jaipur and to do all such acts, deeds and things as may be necessary or expedient for giving effect to the above resolution.

6. To consider and if thought fit to pass with or without modification following resolution as ordinary resolution

Resolved that pursuant to provisions of section 198, 269 and other applicable provisions of The Companies Act 1956 and Schedule XIII of the Companies Act 1956 and in suppression of earlier resolutions Mr. Suresh Kavar Jain be and is hereby appointed as Managing Director of the company for period of five years with effect from 01.04.2007 on salary up to Rs 1,98,000 per Annum plus perquisites as prescribed under schedule XIII of the companies Act 1956 with an authority of Board of directors to determine actual remuneration payable within in aforesaid limit of Rs.198000.00 per Annum plus perquisites within the limits prescribed under schedule XIII of the companies Act 1956.

7. To consider and if thought fit to pass with or without modification following resolution as ordinary resolution

Resolved that pursuant to provisions of section 198, 269 and other applicable provisions of The Companies Act 1956 and Schedule XIII of the Companies Act 1956 and in suppression of earlier resolutions Mr. Naresh Jain be and is hereby appointed as Whole time Director of the company for period of five years with effect from 01.04.2007 on salary up to Rs.198000.00 per Annum plus perquisites as prescribed under schedule XIII of the companies Act 1956 with an authority of Board of directors to determine actual remuneration payable within in aforesaid limit of Rs.198000 per Annum plus perquisites within the limits prescribed under schedule XIII of the companies Act 1956.

8. To consider and if thought fit to pass with or without modification following resolution as ordinary resolution



Resolved that pursuant to provisions of section 198, 269 and other applicable provisions of The Companies Act 1956 and Schedule XIII of the Companies Act 1956 and in suppression of earlier resolutions Shri Dhanraj Kavar be and is hereby appointed as Whole time of the company for a period of five years from 01.04.2007 on salary up to Rs.96000.00 per Annum plus perquisites as prescribed under schedule XIII of the companies Act 1956 with an authority of Board of directors to determine actual remuneration payable with in aforesaid limit of Rs.198000 per Annum plus perquisites within the limits prescribed under schedule XIII of the companies Act 1956.

9. To consider and if thought fit to pass with or without modification following resolution as ordinary resolution

To appoint Mr. Mahaveer N. Kothari as director of the company liable to retire by rotation in respect of whom a special notice along with deposit of Rs. 1000/= has been received proposing to be the director of the company.

**NOTES: -**

- (1) A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and that the proxy need not be a member of the company. The proxies in order to be effective should reach the registered office of the company at least 48 hours before the time fixed for the meeting.
- (2) The Register of members and Share Transfer books will remain closed from 14.08.2006 to 16.08.2006 (both days inclusive)
- (3) Members desiring any information as regards accounts are requested to write to the Company at least 10 days before the meeting to enable management to keep the information ready.
- (4) Members/Proxies attending the meeting are requested to complete the enclosed attendance slip and deliver the same at the entrance of the meeting place.
- (5) Explanatory Statement under section 173(2) is enclosed

Place: Surat

Directors

By Order of the Board of

Date: -18.06.2007

S/d-  
Suresh Kavar  
Managing Director

**DETAILS OF DIRECTORS SEEKING REAPPOINTMENT IN THE FORTHCOMING ANNUAL  
GENERAL MEETING**  
(In pursuance of Clause 49 of the Listing Agreement)

1) Name of Directors	Mahaveer Kothari	Suresh Kavar	Naresh Jain	Madanlal Kothari	Dhanraj Kavar
2) Date of Birth		18.06.64	25.06.68	26.09.1959	20.10.1940
3) Qualification	B.E. (Elect)	C.A.	M.B.A.	SSE	SSE
4) Date of Appointment	1.04.2007	25.02.86	27.07.91	30.08.2003	01.03.1996
5) Experience	27 Years Industrialist	17 Years	15 Years	Businessman 30 yrs	Businessman 35 yrs
6) Other Directorship as on 31.3.2007	Nil	Suncity Polyester (P) Ltd.	Ziquitza Health Care Pvt. Ltd. Rhea Traders	Nil	Dhara fabrics (P) Ltd
7) Chairman/ member of the Committee as on 31.03.2007	Nil	Nil	Nil	Nil	Nil

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT 1956 -**

**Item No. 5**

The Securities and Exchange Board of India (SEBI) had notified on February 17, 2003: De-listing of Securities Guidelines-2003 ("the Guidelines") As per the guidelines, a company may seek voluntary de-listing of its securities from all or some of the stock exchanges and further that an exit opportunity is not required to be provided in cases when such securities continue to be listed at a stock exchange having nation wide trading terminals i.e., The Stock Exchange Mumbai (BSE), the National Stock Exchange (NSE) and any other Stock Exchange(s) that may be specified by SEBI in this regard.

At present equity shares of the company are listed at the Stock Exchanges at Mumbai, Vadodara, Ahmedabad and Jaipur.

It is proposed to de list the equity shares of the company from the stock exchange at Ahmedabad and Jaipur, in view of their non-trading at these exchanges. The equity shares of the company would, however continue to be listed the Stock Exchange at Mumbai (BSE), and Vadodara. The consent of the members is sought to de list the equity shares of the company at the Stock Exchange at Ahmedabad and Jaipur as proposed in the special resolution. The company has passed the resolution on subject at last Annual General Meeting. The resolution is again put before meeting since the earlier resolution was valid for a period of one year.

The Directors recommends adoptions of the special resolution at item no. 7

None of the Directors of the company is interested or concerned in the proposed resolution.

**ITEM No.6, 7 and 8**

Mr. Suresh Jain, Naresh Jain and Shri Dhanraj Jain have been appointed/reappointed as Managing/Whole Time Director by Board of Directors subject to approval of members at Board meeting held on 31.04.2007 It is proposed to confirm appointment/reappointment as managing Director/whole time directors at salary not exceeding stated in resolution with perquisite allowable under schedule XIII of the Companies Act 1956. Since appointment is being made under schedule XIII of the Act no central government approval is required but approval of members is necessary. The resolution is therefore put before members for consideration.

None of the directors except Shri Dhanraj Jain, Suresh Jain, and Naresh Jain are deemed to be concerned or interested in the resolution.

The directors recommend resolution for approval of members.

The extract of relevant provisions of the Act and other related documents are available for inspection of members at

**Item No. 9**

The board of directors has appointed Mr. Mahaveer Kothari as additional director at a meeting of board of directors held on 1.4.2007. The company has received a notice from shareholder proposing Mr. Mahaveer Kothari as director of the company. The directors recommend the appointment of Mahaveer Kothari as director of the company. :

None of the director except Shri Mahaveer Kothan is interested in this resolution.



## DIRECTORS' REPORT

To,  
The Members

Your directors have pleasure in presenting their Nineteenth annual report and the audited statement of accounts for the year ended on 31<sup>st</sup> March, 2007 together with the auditors report thereon.

### FINANCIAL RESULTS

The summarized financial results for year ended 31<sup>st</sup> March 2007 are as under

Rupees in lacs

Particulars	2006-07	2005-06
Sales and services	1340.61	1233.86
Gross Profit before Interest and depreciation	136.09	137.60
Less: Interest	10.33	2.55
Less: depreciation	38.56	33.26
Profit before tax	87.20	101.79
Less: provision for tax including deferred tax	32.02	37.19
Add: Surplus form last year	55.18	64.60
Available for appropriation	255.90	200.72

### DIVIDEND

With a view to plough back profits for business of company the directors do not recommend any dividend for the year ended 31<sup>st</sup> March 2007. The company is in the process of adding machines to produce Pet chips from pet bottle waste.

### COMPANY PERFORMANCE

The company continues to operate in Plastics business mainly production of nylon and polyester chips. The sales increased from Rs.1087.40 lacs to Rs.1226.67 lacs. The profit for the year after taxation was Rs.55.18 lacs after providing for depreciation of Rs.38.56 lacs. The directors do not recommend any appropriation from profits and the balance has been carried forward in profit and loss account.

### MANAGEMENT DISCUSSION AND ANALYSIS.

- (a) **Industry Structure and Developments:** - Company is engaged in business of nylon/polyester chips manufacture
- (b) **Opportunities and Threats:** - The industry provides ample opportunities in domestic and as well as export market. However the uncertainty of raw material prices and government policies are detrimental to growth and profitability.
- (c) **Segment wise or product wise Performance:** - Company operates in single segment and segment wise reporting is not applicable.
- (d) **Outlook:** - The Company has decided to expand its activities and also explore export markets for higher profitability.
- (e) **Risks & Concerns:** - Company does not foresee any such risk in near future, which will hamper the activities.
- (f) **Internal control systems and their adequacy:** - Company is in the process of implementing various soft wares for better control.



- (g) **Human Resources Management Initiatives:** - The management is keenly interested in this field. All the efforts are made to rationalize its manpower and make effective use of the same.

#### BOARD OF DIRECTORS:

During the year Mr. J. K. Kothari resigned as a director of the company. Mr. Mahaveer Kothari was appointed as additional director by board of directors. Accept this there is no change in constitution of Board of Directors. Shri Madanlal Kothari and Shri Dhanraj Kavar Jain retire by rotation at ensuing Annual General Meeting and they are eligible for reappointment.

#### AUDITORS:

M/s. N. Kumbhat & Co., Chartered Accountants, retire at this Annual General Meeting and being eligible offer themselves for reappointment. Your Company has received a letter from them to the effect that their reappointment, if made, will be in accordance with the provisions of Section 224(1B) of the Companies Act, 1956. The Board of directors recommends their reappointment.

#### FIXED DEPOSITS:

Company has not accepted any deposits from public.

#### CORPORATE GOVERNANCE:

Certificate of the statutory auditors regarding compliance of the conditions of Corporate Governance as stipulated in clause 49 of the Listing Agreement with stock exchange, is enclosed.

#### STATUTORY INFORMATION:

- (i) Information under 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: -

#### A. CONSERVATION OF ENERGY

- Energy conservation measures taken: None at present
- Additional investment and proposals, if any, being implemented for reduction of consumption of energy: There are no proposals.
- Impact of measures at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production of goods: Does not arise.
- Total energy consumption and energy consumption per unit of production as per Form "A" to annexure in respect of industries specified in the schedule thereto

A. Power and fuel consumption		2006-07	2005-06
(a) Electricity Purchased			
Units (KWH)		1086240	936932
Total amount Rs.in lacs		49.38	43.19
Rate/Unit (Rs.)		4.55	4.60
Own Generation			
Units (KWH)		38304	32500
Units per liter of diesel oil		3.90	3.31
Rate/unit (Rs.)		9.72	8.25

#### B. TECHNOLOGY ABSORPTION Form B

##### Research & Development (R & D)

- Specific area in which R & D carried by the company: None at Present
- Benefits derived as a result of the above R & D: Does not arise.
- Future plan of action: At present it is not under consideration
- Expenditure on R & D: Nil

##### Technology absorption, adaptation and innovation:

- Efforts being made towards technology absorption, adaptation and innovation: None
- Benefits derived as a result of the above efforts e.g. Product improvement cost, reduction, product development, import substitution etc.: None
- Imported technology: Not applicable as technology has not been imported.

#### C. FOREIGN EXCHANGE EARNING AND OUTGO:

Earning:	Out Go:	
Rs. 63.25 Lacs	Raw Material 85.74 lacs	Stores-Spares 1.06 lacs

INFORMATION UNDER SECTION 217 (2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES 1975 AS AMENDED UP TO DATE:





The company do not have any employee drawing salary in excess of limits prescribed under section 217 (2a) of the companies act, 1956 read with the companies (particulars of employees) rules 1975 the particulars should be treated as nil

#### **DIRECTORS' RESPONSIBILITY STATEMENT.**

Your Directors confirm that:

- (i) In the preparation of 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 financial year and of the loss of the company for the year.
- (iii) The Directors has 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, and
- (iv) The Directors had prepared the accounts on going concern basis.

#### **INDUSTRIAL RELATIONS:**

The industrial relations continued to be cordial during the year under review.

#### **ACKNOWLEDGMENT:**

The Directors express their sincere thanks to the employees, customers, suppliers, company's bankers and members of the company for their continued support.

For & On Behalf of the Board of Directors

Place: Surat  
Date: 18.06.2007

Sd/-  
Chairman

#### **REPORT ON CORPORATE GOVERNANCE**

The Company's policies and practices continued to aim at efficient conduct of business and in effective meeting its obligations to the shareholders as the company believe in good corporate governance.

#### **BOARD OF DIRECTORS:**

The present strength of Board of Directors of your Company is six. Three directors are executive directors and three are non-executive directors. None of the directors are members in more than ten committees and they do not act as chairman of more than five committees.

"Independent Director" who apart from receiving director's remuneration, do not have any other material pecuniary relationship or transactions with the Company, its promoters, its management, which in judgment of the Board may affect independence of judgment of director.

Brief resume of the directors who retire by rotation and seek re appointment, is given in the notes to the notice, the members are requested to refer the same.

Attendance of Directors at the meeting of Board of Directors held during the financial year 2006-2007 and the last Annual General Meeting held on 30.09.2006 are as follows:

Details of Meetings of Board of Directors held during the year 2006-2007:

Sr.No.	Date	No. of Directors present
1	30.04.2006	4
2	31.07.2006	4
3	20.08.2006	4