

SUNCITY SYNTHETICS LTD.



**20TH
ANNUAL REPORT
2007-2008**

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Request :

You may desire to have some clarification or additional information on the accounts for the year ended 31st March 2008 at the ensuing Annual General Meeting. We shall very much appreciate if you will kindly write to us at least 10 days in advance to enable us to keep the information ready for you at the meeting.

Annual General Meeting :
Tuesday, 30th September 2008
At 11.00 A.M.
205, Rajhans Complex,
Ring Road, SURAT

Suncity Synthetics Ltd.

2007-2008

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. Rachna Kastia
Independent Director

Registered Office :

205, Rajhans Complex,
Ring Road,
Surat

Adm. Office :

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


 Report Junction.com
Bankers :

Indusind Bank, Jodhpur
State Bank of Bikaner & Jaipur, Jodhpur

Factories :

Unit I : Plot No. E-7, Village Baranada,
Dist.: Jodhpur
Unit II : Block No. 51, Pipodara, Dist. Surat.

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 TWENTH ANNUAL GENERAL MEETING OF THE SHAREHOLDERS OF SUNCITY SYNTHETICS LIMITED WILL BE HELD ON TUESDAY , 30TH SEPTEMBER 2008 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 31.03.2008 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. Suresh Jain, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. Naresh Jain, 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.

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 16.09.2008 to 30.09.2008 (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
Date :-15.06.2008

By Order of the Board of Directors

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	Suresh Kavar	Naresh Jain
2) Date of Birth	18-06-64	25-06-68
3) Qualification	C.A.	M.B.A.
4) Date of Appointment	25-02-86	27-07-91
5) Experience	18 Years	16 Years
6) Other Directorship as on 31.3.2008	Suncity Polyester P Ltd.	Ziquitza health care pvt. Ltd.
7) Chairman/member of the Committee as on 31.03.2008	Nil	Nil

DIRECTORS' REPORT

To,
The Members

Your directors have pleasure in presenting their Twentieth annual report and the audited statement of accounts for the year ended on 31st March, 2008 together with the auditors report thereon.

FINANCIAL RESULTS

The summarized financial results for year end 31st March 2008 are as under

Particulars	Rupees in lacs	
	2007-08	2006-07
Sales and services	1356.01	1340.61
Gross Profit before Interest and depreciation	125.07	136.09
Less: Interest	12.50	10.33
Less: depreciation	41.79	38.56
Profit before tax	70.78	87.20
Less: provision for tax including deferred tax	23.19	32.02
Add: Surplus	47.59	55.18
Available for appropriation	302.21	255.90

DIVIDEND

With a view to plough back profits for business of company the directors do not recommend any dividend for the year ended 31st March 2008. 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 marginally from Rs. 1340.61 lacs to Rs. 1356.01 lacs. The profits for the year after taxation was Rs. 47.60 lacs after providing for depreciation of Rs. 41.79 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) **Segmentwise or productwise Proformance :-** Company operates in single segment and segment wise reporting is not applicable.
- (d) **Outlook :-** The Company shall continue to explore its policy of expansion based on availability of resources and opportunity.
- (e) **Risks & Concerns :-** Company do 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 softwares for better control.
- (g) **Human Resources Management Initiatives:-** The management is keenly interested this field. All the efforts are made to rationalize its manpower and make effective use of the same.

BOARD OF DIRECTORS:

There was no change in constitution of Board of Directors. Shri Suresh Jain and Shri Naresh 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 commend their reappointment.

FIXED DEPOSITS:

Your 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

- A) Energy conservation measures taken: None at present
 B) Additional investment and proposals, if any, being implemented for reduction of consumption of energy: There are no proposals.
 C) 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.
 D) 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	2007-08	2006-07
(a) Electricity Purchased		
Units (KWH)	920865	1086240
Total amount Rs.in lacs	46.63	43.19
Rate/Unit (Rs.)	5.06	4.55
Own Generation		
Units (KWH)	13860	3804
Units per liter of diesel oil	3.85	3.90
Rate/unit (Rs.)	9.37	9.72

B. TECHNOLOGY ABSORPTION

Form B

Research & Development (R & D)

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

Technology absorption, adaptation and innovation:

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

C. FOREIGN EXCHANGE EARNING AND OUTGO:

EARNING	Out Go	
Rs. 14.82 Lacs.	Raw Material : 158.15 Lacs	Stores-Spares : 0.88 Lacs

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Suncity Synthetics Ltd.

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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.

Place : Surat

Date : 15.06.2008

For & On Behalf of the Board of Directors

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 believes in good corporate governance.

BOARD OF DIRECTORS:

The present strength of Board of Directors of your Company is six. Two directors are executive directors and four 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 16.08.2007 are as follows:

Details of Meetings of Board of Directors held during the year 2007-2008:

Suncity Synthetics Ltd.

2007-2008

Sr.No.	Date	No. of Directors present
1	30.04.2007	4
2	02.07.2007	4
3	31.07.2007	4
4	31.10.2007	4
5	31.01.2008	4
6	31.03.2008	4

The gap between the two board meetings was not more than four months

Number of Board of Directors or Board Committee of Public Limited Companies of which a Director is member or chairperson.

Name of Director	Category	AGM attendance	Other directorship	Committee membership
Shri Dhanraj Kavar	Non.Exe	Yes	3	1
Shri Suresh Kavar	Executive	Yes	3	-
Shri Naresh Jain	Executive	Yes	3	-
Shri Madanlal Kothari	Independent	Yes	Nil	1
Smt.Rachana Kasatia	Independent	Yes	Nil	-

AUDIT COMMITTEE:

Brief description of terms of reference

To oversee the company's financial reporting process, internal control system, reviewing the accounting policies and practices, reports of the company's Quarterly/Half Yearly/Yearly financial statements as also to review financial and risk management policies.

Composition

: Consists of 2 directors as under:

Name of Members & Chairperson

: 1) Mr. Madanlal Kothari (Chairman)

: 2) Ms. Rachana kasatia

The five meetings were held during the year on 30.04.2007, 02.07.2007, 31.07.2007, 31.10.2007 and 31.01.2008 All meetings were attended by both directors.

SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE:

Brief description of terms of reference

To specifically look into the redressal of complaints like transfer of shares, non-receipt of annual reports, etc. received from shareholders/investors and improve the efficiency in investors' service wherever possible.

Composition : Consists of 3 directors as under:

Name of Members & Chairperson : 1) Ms.Rachana Kasatia Chairperson

: 2) Mr. Dhanraj Jain

: 3) Mr. Naresh jain

The complains received during the year have been replied and no complaints are pending at end of the year

Name of Compliance Officer : Mr. Suresh Kavar

REMUNERATION COMMITTEE:

The Executive Directors' remuneration is fixed by the committee within the overall limit and recommended for approval by the Board of Directors and the Shareholders at their meetings. Presently, the Non Executive Directors are not paid any remuneration or sitting fees

Composition : Consists of 2 directors as under :

Name of Members & Chairperson

: 1) Mr. Madanlal Kothari (Chairman)

: 2) Ms. Rachana kasatia

The remuneration paid to directors during the year is as under

1. Shri Suresh kumar

2. Shri Naresh Jain

ANNUAL GENERAL MEETING :**Details of last three Annual General Meetings held:**

Particulars	2004-2005	2005-2006	2006-2007
Day	Friday	Saturday	Thursday
Date	30.09.2005	30.09.2005	16.08.2007
Time	11.00. a.m	11.00. a.m	11.00 a.m
Venue	3B Ratan Mahal Ghod Dod Road Surat	205 Rajhans Complex, Ring Road Surat	205 Rajhans Complex, Ring Road Surat

DISCLOSURES:

1. Disclosures on materially significant related party transaction, i.e., transactions of the company of material nature, with its Promoters, Directors, or the Management their subsidiaries or relative, etc. that may have potential conflict with the interest on the company at large:-

None of the transactions with any of the related parties were in conflict with the interest of the company.

2. Details of non compliance by the company, penalties, strictures imposed on the company by the Stock Exchange or SEBI or any statutory or any matter related to capital market during the last three years.

The company has complied with the requirements of regulatory authorities on matters related to the capital market and no penalties/strictures have been imposed against the company during the last three years.

MEANS OF COMMUNICATION:

The Company publishes its financial results every quarter in newspapers. Communications on the half yearly results are not sent individually to the Shareholders of the company.

COMPLIANCE CERTIFICATE

The certificate regarding compliance of conditions of clause 49 of the Listing Agreement from the Auditors of the company is annexed hereto.