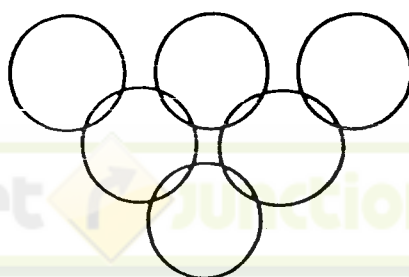


# Sixteenth Annual Report

December, 2004



Olympia Industries Limited

**CORPORATE DIRECTORY  
BOARD OF DIRECTORS**

Shri Navin Pansari	-	Director
Shri Vijay Patel	-	Director
Shri Thevar Muthusamy	-	Director

**AUDIT COMMITTEE**

Shri Navin Pansari	-	Member
Shri Vijay Patel	-	Member
Shri Thevar Muthusamy	-	Member

**REGISTERED OFFICE:**

112- New Sonal Industrial Estate,  
Building No.02, Link Road,  
Malad (West), Mumbai – 400 064.

reportjunction.com

**MANUFACTURING FACILITIES:**

Block No.284, Plot No. 4 & 5  
Mota Borasara, Kim – 394 110,  
Dist. Surat, Gujarat.

S.No.441/2,4,6 Village Mahim  
Palghar- 401 404,  
Dist. Thane, Maharashtra.

**AUDITORS:**

CPM & Associates  
Chartered Accountants,  
32, Nityanand Nagar III  
Andheri (East), Mumbai – 400 069.

## NOTICE

To  
**The Members,  
Olympia Industries Limited**

**Notice** is hereby given that the 16<sup>th</sup> Annual General Meeting of the Members of Olympia Industries Limited will be held on Thursday, the 30<sup>th</sup> June, 2005 at 10.00 A.M. at the Registered Office of the Company at 112, New Sonal Industrial Estate, Bldg. No. 2, Link Road, Malad (West), Mumbai – 400 064 to transact the following Business;

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### **ORDINARY BUSINESS: -**

1. To receive, consider and adopt the Audited Profit and Loss Account of the Company for the year ended 31<sup>st</sup> December 2004 and the Balance Sheet as at that date together with Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri Thevar Muthusamy, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint Auditors and fix their remuneration.

**By order of the Board**

**NAVIN PANSARI  
DIRECTOR**

**Place : Mumbai  
Dated : 30-04-2005**

**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 AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY FORM IN ORDER TO BE EFFECTIVE, MUST BE SUBMITTED AT THE COMPANY'S REGISTERED OFFICE NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE TIME OF THE MEETING.**
2. The Register of Members and Share Transfer Books of the Company will remain closed from 28<sup>th</sup> June 2005 to 30<sup>th</sup> June 2005 (both days inclusive).
3. Members are requested to bring their copy of Annual Report at the meeting.
4. Members are requested to intimate any change in their address at the Registered Office of the Company.
5. Members desirous of getting any information about the Accounts and operations of the Company are requested to address their queries to the Company well in advance so that the same are received at least 7 days before the date of the Meeting to keep the information readily available at the Meeting.

**By order of the Board**

**Navin Pansari  
Director**

## OLYMPIA INDUSTRIES LIMITED

### DIRECTORS REPORT

To the Members,

Your Directors present before you the 16<sup>th</sup> Annual Reports of your Company together with the Audited Statement of Accounts for the year ended 31<sup>st</sup> December 2004.

#### FINANCIAL RESULTS

	Year ended 31-12-2004	(Rs. in Lacs) Year ended 31-12-2003
Turnover – Sales & Job work	86.89	146.63
Profit /(Loss) before Interest & Finance Charges and Depreciation	3.11	48.65
Interest & Finance Charges	0.02	0.06
Depreciation	51.06	58.25
Net Loss	54.19	9.66
Add: Loss brought forward from previous year	2464.31	2454.65
Loss carried to Balance Sheet	----- 2518.50 -----	----- 2464.31 -----

#### MANAGEMENT DISCUSSION AND ANALYSIS:

##### OPERATIONS:

The Turn over and other income of the company for the year were Rs. 86.89 lac as against Rs. 146.63 lac in the previous year. The company is contemplating to seek waiver from lenders and lease / HP financier hence, has not made provision for interest in the account. The company has incurred net loss of Rs. 54.18 lac as against loss of Rs. 9.66 lac in the previous year.

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In the absence of working capital funds, the own manufacturing activities are under suspension. However, the company to minimise the losses, has relied on production on job work basis. The company has produced 1544 MT texturised yarn as against 1981 MT in the previous year.

### **REFERENCE TO BIFR**

During the year, BIFR declared the company as Sick Industrial Company under provision of Sick Industrial Companies (Special Provisions) Act, 1985 and directed to submit comprehensive proposal for rehabilitation with / without compromise of dues with the lenders.

Pursuant to the directives of BIFR, the company has submitted comprehensive proposal for rehabilitation incorporating various measures for improvement in technical feasibility and economical viability. In the joint meeting, Bank and IDBI did not consider the proposal support-worthy and advised the company to explore possibility of compromise of dues under terms of One Time Settlement.

### **COMPROMISE OF DUES PAYABLE TO UNION BANK OF INDIA & OTHERS**

Your directors are pleased to inform you that Union Bank of India has approved the settlement proposal submitted by the company offering Rs.195.00 lac in full and final settlement of the bank's dues. The company is in process of making the payment of settled dues.

The company has also successfully negotiated for settlement of dues payable to various NBFCs.

IDBI, the Operating Agency (OA) advised the company to submit modified proposal for rehabilitation in view of reduction of debt after compromise arrangement with Union Bank of India. The company is in process of finalising modified proposal for rehabilitation for submission to OA and BIFR.

#### **a) Review of Operations:**

The Company's performance during the year continued to suffer on account of the prevailing problems like cut throat competition, high power cost, slow/non -recovery of sticky receivables and inadequate working capital etc.

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Due to the shortage of working capital funds the company could not resume own production and had concentrated on job work production. It helped the company to minimize its losses. The Company's Sales including job charges receipts during the year under review was Rs.86.89Lacs as against Rs.146.63Lacs of previous year. The production including the job work has increased to 1544 M.T. from 1981 M.T. in the previous year. Since the company is contemplating compromise of dues with Bank/FIs, no provision is made for interest w.e.f. 01.04.2002. The Company has made a Loss of Rs.54.18Lacs after depreciation against a net Loss of Rs.9.66Lacs during the previous year.

Your Company is persuading for recovery of sticky receivables, however in view of them being time barred, the company is finding it difficult to recover the same. Your Directors estimate further losses in this regard.

The several Creditors have advised the Company to explore the possibility of compromising the dues under scheme of One Time Settlement. Your Directors are exploring the possibility of compromising the dues amicably with other creditors too.

In the matter of appeal preferred by the company the AAIFR have remanded back the old Reference to BIFR for further hearing. The BIFR heard the case along with the new Reference filed by the company. Pursuant to the directives of BIFR, the Auditors appointed by IDBI (OA) conducted Special Investigative Audit. The Special Investigative Auditor has reported that the company is a sick company as per provisions of SICA. The BIFR during hearing held on 25.02.2004 directed IDBI, of the report on sickness status of the Company after taking into consideration the submission of Union Bank of India and the Company. BIFR is yet to pass order in this regard. On suitable direction from BIFR, the company would formulate the comprehensive proposal for rehabilitation/revival.

In the matter of various legal cases filed against the company; the same are being defended/ settled suitably.

#### **b) Industry structure and Developments:**

The Company falls in the Textile Sector which is the largest Industrial Sector in India generating a Turnover of Rs.1,50,000Crores which is approx. 7% of GDP of the Country. It is largest employer in the Manufacturing Sector in India. Exports of Textiles products at around US\$ 13.5 Billion accounting over 25% of total exports of the Country. However the Textile Sector is dominated by the unorganised Sector. One has to compete with this Sector by cutting cost of production as well as focusing on the quality. The Textile Industry after implementation of various remedial measures as the part of economical growth is showing sign of improvement. On the Exports front our Country's

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position is improving however we have to pay more attention on modernisation and quality improvement to make further progress in Exports. The overall market situation seems to be stable and improved and in future it should further improve.

**c) Opportunities and Threats:**

In USA and EEC Markets there is a rapid consolidation of Manufacturing and retailing activity due to which there will be few buyers with muscle power to dictate price and deliver term and therefore supplying Countries and units have to work at optimum costs and provide excellent service. There is also Threat from China and other Countries who are producing large quantities with low overheads, low labour cost and with various concession available to them.

However the production at competitive cost and with good quality will certainly have an edge in Global Market. The concessions offered to the Textile Industry by our Government by cutting custom and excises duties on Textile Machineries and favourable EXIM Policy will help to face challenge in the Global Market.

**d) Outlook:**

The long Term Outlook for the Yarn Industry is encouraging considering an expected growth of 5 % in the GDP of our Country. However as mentioned above due to shortage of working capital funds the Company could not resume its own production and therefore presently doing Job work only. Company does not have much scope to improve its performance and reap the benefits of improvement in the Yarn Industry. However Company will be certainly benefited by increasing its Job work production and by realising better margin for Job work.

**e) Risk and Concerns:**

Presently the Company is only doing Job work and therefore Company does not have much risk and concern for the fluctuation in the Yarn price, which now fluctuates with the change in International prices. There is no risk on the Marketing front. However Company may have to face risk in case it is unable to renew the Job work order or premature-termination of the same.

**FIXED DEPOSITS**

The Company has not accepted any fixed deposits during the year under report.

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**CONSERVATION OF ENERGY. TECHNOLOGY ABSORPTION. FOREIGN EXCHANGE EARNINGS AND OUTGO**

THE Company has used electricity supplied by the Maharashtra State Electricity Board, Gujarat Electricity Board; the details as required by the Companies (Disclosure of particulars in the Board of Directors) Rules, 1988 are as under:

	Year ended 31.12.2004.	Year ended 31.12.2003.
<b>1. POWER &amp; FUEL CONSUMPTION</b>		
a) Electricity Purchased (Units in '000)	940	1671
Total Amount (Rs. In '000)	4471	7290
Average Rate (Rs./Unit)	4.76	4.36
<b>2. CONSUMPTION PER UNIT OF PRODUCTION</b>		
Yarn Processing (tones)	1543	1981
Electricity (Unit per kg)	0.61	0.84
Fuel (Liters per kg)		--
<b>3. FOREIGN EXCHANGE</b>		
a) Earning (Rs. In '000)	--	--
b) Outgo (Rs. In '000)	--	--

**RESEARCH & DEVELOPMENT**

In house Research & Development department of the Company has been working to develop various new color shades and new products in various dyed yarn varieties as per the requirement of job work customers.

**PARTICULAR OF EMPLOYEES:**

The Company had no employee of the category specified in Section 217 (2A) of the Companies Act, 1956 during the year under report.

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**AUDITORS:**

M/s. CPM & Associates, Chartered Accountants of the Company hold office till the conclusion of ensuing Annual General Meeting and being eligible for appointment they are being recommended for reappointment. The Company has received a letter from them to the effect that their appointment, if made, would be within the prescribed limits under Section 224(1-B) of the Companies Act, 1956.

**AUDITOR'S REPORT:**

The remarks and observations made by the Auditors in their Report have been explained in the Notes to the Account and in respect of qualification for non provision of interest on Term Loan and Working Capital facilities from Financial Institutions and Bank we want to clarify that the same has not been provided because the Company expects waiver of interest and other relief and concession in repayment of Loan amount on sanction of Rehabilitation Scheme by BIFR or Settlement with the Lenders.

**DIRECTORS:**

Shri Thevar Muthusamy, Director of the Company retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment.

**CORPORATE GOVERNANCE:**

The Company is finding difficulty in appointing more independent Directors due to the status of the Company as a BIFR Company and therefore presently the Company is working with the minimum 3 Directors. Looking into the present scale of operations of the Company any increase in the number of Directors is also not necessary. However the Company is in search of more independent Directors. A Corporate Governance report regarding the compliance of conditions of Corporate Governance is made as part of this Annual Report.

**DIRECTORS' RESPONSIBILITY STATEMENT:**

A Directors' Responsibility Statement as required under Section 217 (2AA) of the Companies Act 1956 is given below: -

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