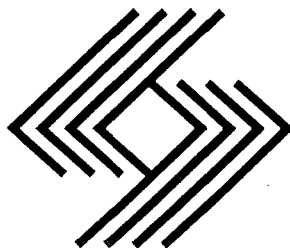


MD	✓		BKC	✓
CS	NA		DPY	NA
RO	✓		DIV	NA
TRA	NA		AC	✓
GM	✓	✓	SH	✓
E	✓	✓		✓

(1997-98)

# 6th ANNUAL REPORT



OVERSEAS SYNTHETICS LIMITED



## SIXTH ANNUAL GENERAL MEETING

On Tuesday, the 29th day of September, 1998  
at the Conference Hall, Bombay Market, Umarwada, Surat - 395 010 at 11.30 a.m.

### BOARD OF DIRECTORS

Shri Haribhai R. Patel	Chairman
Shri Rohit H. Patel	Managing Director
Shri Narendra H. Patel	Whole time Director
Shri Mehul H. Patel	Executive Director (Finance)
Shri Dahyabhai J. Patel	
Shri Dinkar H. Patel	
Shri M M Khatri	Nominee Director (GILC)

### AUDITORS

Natvarlal Vepari & Co;  
Chartered Accountants  
405, River Palace II  
Nanpura, SURAT - 395 001

### BANKERS

State Bank of Saurashtra  
Begumpura, SURAT - 395 003

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Shareholders are requested to bring their copy of the Annual Report alongwith them at the meeting as copies of the Report will not be distributed at the meeting.

OVERSEAS SYNTHETICS LIMITED

## NOTICE

NOTICE is hereby given that 6th Annual General Meeting of members of the Company will be held as scheduled below.

Date : 29th September, 1998

Day : Tuesday

Time : 11.30 A.M

Venue : Conference Hall, Bombay Market, Umarwada, SURAT - 395 010

to transact the following business.

### ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 1998, the audited Profit and Loss account for the year ended on 31st March, 1998 together with the Directors' and the Auditors' Report thereon.
2. To appoint a director in place of Shri Dahyabhai J Patel who retires by rotation but being eligible offers himself for reappointment.
3. To appoint a director in place of Shri Dinkarabhai H Patel who retires by rotation but being eligible offers himself for reappointment.
4. To appoint auditors and fix their remuneration.

### SPECIAL BUSINESS

5. To consider and if thought fit to pass the following resolution with or without modification, as Special Resolution

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310, 311, Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, the consent of the company be and is hereby accorded to the appointment of Shri Mehul H Patel as Executive Director (Finance) of the company for a period of five years from 01/08/1998 as per the terms and conditions embodied in the draft agreement placed on table and for the sake of identification duly signed by the Managing Director with the liberty to the Board of Directors to vary or modify the terms and conditions including remuneration in accordance with the requirements of law from time to time."

"RESOLVED FURTHER THAT in any financial year there is loss or inadequate profits the salary payable to the said Executive Director (Finance) pursuant to provisions of Section 198 read with Schedule - XIII shall not be subject to any cut in the substantive salary or perquisites."

Regd. Office:

Nutan Estate, Vasta Devdi Road, Katargam,  
SURAT - 395 004.

Place : Surat

Date : 25/08/1998

By Order of the Board  
for OVERSEAS SYNTHETICS LIMITED

Rohit H Patel  
Managing Director



## NOTE

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE. A PROXY NEED NOT BE A MEMBER. A PROXY FORM TO BE EFFECTIVE MUST BE LODGED WITH THE COMPANY AT ITS REGISTERED OFFICE NOT LESS THAN 48 HOURS PRIOR TO MEETING.
2. The Register of Members and Share Transfer Books of the company will remain closed from 25th September, 1998 being Friday to Wednesday, the 30th September, 1998 (both days inclusive).
3. The shareholders who have yet not paid Allotment money are requested to pay the same with interest @ 18% p.a. in accordance with Allotment Notice / Advice dated 22nd February, 1994 and subsequent reminders. Members are requested to write to the company in case of any difficulty.
4. The Shareholders are requested to notify change in their address immediately to the company.
5. The Shareholders desiring any information on accounts are requested to write to the attention of Shri Mitesh Kumar Shah, CA so as to reach the Company on or before 25/09/1998.

### EXPLANATORY STATEMENT pursuant to Provisions of Section 173(2) of the Companies Act, 1956.

6. Shri Mehul H Patel was appointed as Executive Director (Finance) from 01/08/1993 for a period of five years pursuant to Provisions of Section 269, 309, 310, 311, Schedule XIII and other applicable provisions of the Companies Act, 1956.

Shri Mehul H Patel is Science Graduate and MBA (Finance) from Pune University. He has rich experience of about 10 years to his credit in the textile business.

Mr. Mehul H Patel is re-appointed by the Board Resolution dated 30/07/1998 for a term of five years from 01/08/1998.

Details of the terms and conditions of his re-appointment are as under :

- a) The Company shall pay to the Executive Director remuneration of Rs. 21,000/- per month.
- b) 1 % Commission on Net Profits calculated in prescribed manner subject to ceiling of Fifty percentage of salary or Rs. 100,000/- per annum, whichever is less.
- c) The Executive Director will be entitled to House Rent Allowance Rs. 5,000/- per Month.

In addition to the remuneration payable to the Executive Director, the company shall also provide and the Executive Director shall be entitled to the following amenities and perquisites, Subject to equal to salary or Rs. 1,26,000/- per annum, whichever is less.

- d) Traveling and entertainment expenses :

The Company shall bear and defray the actual traveling and entertainment expenses reasonably incurred by the Executive Director (Finance) in connection with the business of the Company. The Executive Director shall be entitled to travel at the Company's expenses by air or the highest class of railways, as the case may be, for the purpose of the business of the Company ;

## OVERSEAS SYNTHETICS LIMITED

## e) Leave Travel Concession-

The Executive Director and his family shall be entitled to Leave Travel Concession to the extent of 20% of his Annual Salary in a block of every two years. The Executive Director of the company shall have liberty to choose any place on the world map for his Leave Travel Purpose and may travel by any class subject to the ceiling of 20% of his Annual Salary.

f) The Executive Director shall NOT be entitled to usual fees paid to the Directors for attending the Board's meeting or any committee thereof ;

g) The Company shall make available to the Executive Director at its own expenses a car for office work as well as for the personal use of the Executive Director. All the expenses of and incidental to such car including in particular the salary of a chauffeur, rent for garage, servicing, maintenance and repair charges and the fuel consumed shall be borne by the company.

h) The Company shall provide free medical treatment for the Executive Director and members of his family which expression shall include wife and children. Subject to a ceiling of one month salary in a year or three months salary over a period of 3 years.

i) The Executive Director shall be entitled to the benefit of provident fund, superannuation fund, gratuity, pension and bonus on the same terms and conditions as are applicable and provided for the other executives of the Company ; Gratuity will be payable at the rate of half months' salary for each completed year of Service, subject to maximum of Rs. 2,00,000/-

## j) Leave :

- The Executive Director shall be entitled to privilege leave at the rate of 1/11th of the period of duty excluding the period of leave;
- The Executive Director may be granted at the discretion of the Board of Directors sick leave for the actual period of sickness ;
- In addition to privilege leave in (i) above, The Executive Director shall be entitled for holidays every year for Two weeks or any such broken period or periods as the Executive Director may decide having regard to the exigency of the business of the company and his personal convenience. All the expenses incurred by the Executive Director during such holidays including expenses of traveling to and fro a holiday resort in India and hotel accommodation for the Executive Director and his family members and other incidental expenses shall be borne by the Company.

k) Fees of clubs subject to maximum of two clubs This will not include admission and life membership fees.

l) Personal Accident Insurance Premium not to exceed Rs.10,000/- per annum. For the purpose of this part family means the spouse, dependent children and dependent parents of the appointee.

The draft agreement be entered into with Shri Mehul H Patel Executive Director (Finance) is available for inspection at the Registered Office between 11.00 am. to 1.00 pm. on all working days except Saturdays.

The above may be treated as an abstract under Section 302 of the Companies Act, 1956.

None of the Directors except Shri Mehul H Patel, Haribhai R. Patel, Rohit H Patel, Narendra H Patel, Dinkar H Patel are deemed concerned or interested in the said resolution.



## DIRECTORS' REPORT

Your directors are pleased to present 6th Annual Report and Audited Accounts for the year ended 31st March, 1998.

### FINANCIAL RESULTS

Particulars	(Rs. in lakhs)	
	1997-98	1996-97
Sale and Other Income	1833.74	1766.39
Profit before depreciation and tax	51.62	60.67
Provision for depreciation	46.15	45.82
Provision for tax	0.57	1.93
Profit after Depreciation and tax	4.90	12.92
Add: Balance brought forward from previous year.	28.40	15.48
Balance carried to Balance Sheet	33.30	28.40

### OPERATIONS

During the year under review, your company has achieved gross turnover of Rs.1833.74 lakhs as against the corresponding previous year of Rs.1766.39 lakhs. The increase in turn over is due to the company's continuing R & D operations and development of new techniques / products which could get an edge over competition although the recessionary trends in the Textile Industry have continued. Your Directors also wish to assert that the quantity of sales has increased but due to reduction in procurement & selling price, the turnover in amount does not seem increased. The draw-texturising yarn and grey cloth sections of the industry have witnessed severe demand recession leading to low realisation due to excess domestics production and low international prices.

The deteriorating currency crisis in South East Asia and India has led to export demand crunch as the exports from these countries were cheaper. This continuing currency crisis of South East Asia took away the chances of the export and your company could not export its products during the year under review.

However, during the year under review your company has added production facilities of Texturized Yarn for achieving integration of production facilities. Your directors are hopeful that this would generate more revenues in the current year.

### FIXED DEPOSITS

Since your company has not accepted any fixed deposits from public attracting provisions of Section 58A of the Companies Act, 1956, the company has no particulars to offer.

### DIRECTORS

During the period under review Shri Mehul H Patel, Executive Director Finance was re-appointed as such from 1st August, 1998. Shri Dahyabhai J Patel and Shri Dinkarbhay H. Patel, Directors of the company would retire and being eligible offer themselves for reappointment.

## OVERSEAS SYNTHETICS LIMITED

**PARTICULARS OF EMPLOYEES**

Information pursuant to provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended is NOT APPLICABLE as no employee of the company was in receipt of remuneration at the prescribed rate during the year under review.

**PARTICULARS OF ENERGY CONSERVATION ETC.**

As required by Section 217(1)(e) read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988, the particulars are set out in the Annexure A and forms part of this report.

**PROJECTIONS v/s PERFORMANCE**

As per the requirement of Clause 43 of the Listing Agreement entered into with the Stock Exchanges, comparison between the projections and the performance for the year ended 31st March, 1998 are required to be given in the Director's Report. However, your directors wish to clarify that the projections of the company were made up to the year 1995-96 and hence in the absence of projections, performance review is not given.

**AUDITORS**

M/s. Natvarlal Vepari & Co; Chartered Accountants retire at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

**INDUSTRIAL RELATIONS**

The Industrial relations at Ankleshwar Factory and Administrative Office at Surat remained cordial and peaceful. Your directors duly recognize and appreciate this valuable resource place on record their appreciation of the industrial peace.

**ACKNOWLEDGMENTS**

Your Directors place on record their appreciation of the contribution made by employees at all level. Your directors also convey their grateful thanks to GIIC, Gujarat Gas Financial Services Ltd. State Bank of Saurashtra, Government Authorities, Shareholders, Distributors and Dealers for their continued patronage and support.

On behalf of the Board

DATE : 25/08/1998  
PLACE : SURAT

ROHIT H PATEL  
NARENDRA H PATEL  
DAHYABHAI. J. PATEL

MG. DIRECTOR  
WHOLE-TIME- DIRECTOR  
DIRECTOR





## ANNEXURE - A

Information pursuant to the Companies (Disclosure of particulars in the report of Directors) Rules, 1988.

### 1. CONSERVATION OF ENERGY

#### A. Energy conservation measures taken:

- (1) Reducing the maximum demand by evenly distributing the loads throughout the day and increasing efficiency of plant and equipments.
- (2) Improving power function by optimum choice of power factor improvement capacitors.

B. Additional Investments and proposals, if any being implemented for reduction of consumption of energy: Plans are under consideration.

C. Impact of measures at (A) and (B) above will result in reduction of energy consumption and consequent impact on the cost of production of goods: Not Applicable

D. Total energy consumption and energy consumption per unit of production as Form- A attached.

### 2. TECHNOLOGY ABSORPTION :

Efforts made in technology absorption:

----- Not Applicable -----

### 3. FOREIGN EXCHANGE EARNING AND OUTGO :

A. Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and service and export plan.  
----- Not Applicable -----

B. Total Foreign Exchange used and earned.

(Rs.in lakhs)

	1997-98	1996-97
Foreign Exchange earned through exports (on accrual basis)	--	12.05
Foreign exchange used CIF value of Imports (Capital Goods & Spares)	35.24	--
Foreign Traveling	--	0.31