

(2000-2001)



OVERSEAS SYNTHETICS LIMITED

NINETH ANNUAL GENERAL MEETING

On Saturday, the 29th day of September, 2001 at 1st Floor, Jariwala Compound,
Vasta Devdi Road, Katargam, Surat - 395 004 at 9.30 a.m.

BOARD OF DIRECTORS

| | |
|-------------------------|------------------------------|
| Shri Haribhai R. Patel | Chairman (Up to 31-01-2001) |
| Shri Rohit H. Patel | Managing Director |
| Shri Narendra H. Patel | Whole time Director |
| Shri Mehul H. Patel | Executive Director (Finance) |
| Shri Dahyabhai J. Patel | (Up to 31-01-2001) |
| Shri Dinkar H. Patel | |
| Shri M M Khatri | Nominee Director (GIC) |

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 9th Annual General Meeting of members of the Company will be held as scheduled below.

Date : 29th September, 2001

Day : Saturday

Time : 9.30 A.M

Venue : 1st floor, Jariwala Compound, Vasta Devdi Road, Katargam, SURAT - 395 004

to transact the following business.

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2001, the audited Profit and Loss account for the year ended on 31st March, 2001 together with the Directors' and the Auditors' Report thereon.
2. To appoint a director in place of Shri Mehul H. Patel who retires by rotation but being eligible offers himself for reappointment.
3. To appoint auditors and fix their remuneration.

SPECIAL BUSINESS

4. To consider and pass the following resolution with or without modifications as an Ordinary Resolution.

“RESOLVED that pursuant to provisions of Section 198, 269, 309, 310, 311, Schedule XIII and other applicable provisions if any, of the Companies Act, 1956 the consent of the company be and is hereby accorded to the re-appointment of Shri Rohit H. Patel Managing Director of the company for a period of three years from 01/11/2001 as per the terms and conditions embodied in the draft agreement placed on table and for the sake of identification initialed by Shri M.H.Patel, Executive Director(Finance) with the liberty to the Board of Directors to vary or modify the terms and conditions including remuneration in accordance with the requirement of law from time to time.”

“RESOLVED FURTHER that in any financial year there is loss or inadequate profits, the salary payable to managing Director pursuant to provisions of Section 198 be subject to a cut of 10% in the substantive salary and that there shall be no cut in the perquisites.”

Regd. Office:

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

By Order of the Board
for OVERSEAS SYNTHETICS LIMITED

Place : Surat
Date : 17/08/2001

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. Explanatory Statement pursuant to provisions of Section 173(2) is enclosed.
3. The Register of Members and Share Transfer Books of the company will remain closed from 12th October, 2001 to 15th October, 2001 (both days inclusive).
4. 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.
5. The Shareholders are requested to notify change in their address immediately to the company.
6. The Shareholders desiring any information on accounts are requested to write to the attention of Managing Director so as to reach the Company on or before 24/09/2001.

EXPLANATORY STATEMENT

5. Shri Rohit H. Patel was appointed as Managing Director of the company from 01/11/1998 at the Annual General Meeting held on 30th September, 2000. Pursuant to the resolution of the Board Meeting held on 17/08/2001 re-appointing him for a term of 3 further years from 01/11/2001 Now as required by Section 309 of the Companies Act, 1956 it is now required to regularize his appointment as Managing Director. Shri Rohit H. Patel is a Commerce Graduate. He has over 23 years of experience to his credit in the textile and other business. He is well versed with the corporate administration.

The draft agreement to be entered into with Shri R. H. Patel, Managing Director is available for inspection at the Registered Office between 11.00 am to 13.00 pm on working days except Saturdays.

All the Directors of the company except Shri M. M. Khatri may be deemed as concerned or interested in the said resolution.

Terms and conditions of his appointment and remuneration etc. given hereunder may be deemed as abstract as required under Section 302 of the Companies Act, 1956.

1. Salary : Rs. 30,000/- per month with an annual increment of Rs. 1,000/-.
2. Commission : 1% Commission on Net Profits calculated in prescribed manner Subject to ceiling Fifty percentage of salary or Rs. 100,000/- per annum, whichever is less.
3. House Rent : The Managing Director will be entitled to House Rent Allowance Rs. 5,000/-per Month.
4. In addition to the remuneration payable to the Managing Director, the company shall also provide and the Managing Director shall be entitled to the following amenities and perquisites, subject to equal to 50% of salary or Rs. 1,80,000/-

a) **Travelling and entertainment expenses :**

The Company shall bear and defray the actual travelling and entertainment expenses reasonably incurred by the Managing Director in connection with the business of the Company. The Managing 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 ;

b) **Leave Travel Concession :**

The Managing 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 Managing Director of

OVERSEAS SYNTHETICS LIMITED

- 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.
- c) The Managing Director shall not be entitled to usual fees paid to the Directors for attending the Board's meeting or any committee thereof ;
 - d) The Company shall make available to the Managing Director at its own expenses a car for office work as well as for the personal use of the Managing 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 fuel consumed shall be borne by the company.
 - e) The Company shall provide free medical treatment for Managing 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.
 - f) The Managing 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/-
 - g) **Leave :**
 - i) The Managing Director shall be entitled to privilege leave at the rate of 1/11th of the period of duty excluding the period of leave;
 - ii) The Managing Director may be granted at the discretion of the Board of Directors sick leave for the actual period of sickness ;
 - iii) In addition to privilege leave in (i) above the Managing director shall be entitled for holidays in every year for Two weeks or any such broken period or periods as the Managing Director may decide having regard to the exigency of the business of the company and his personal convenience. All the expenses incurred by the Managing Director during such holiday including expenses of travelling to and fro a holiday resort in India and hotel accommodation for the Managing Director and his family members had other incidental expenses shall be borne by the Company.
 - h) Fees of clubs subject to maximum of two clubs. This will not include admission and life membership fees.
 - i) 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.

By Order of the Board
for OVERSEAS SYNTHETICS LIMITED

Place : Surat
Date : 17/08/2001

Rohit H Patel
Managing Director



DIRECTORS' REPORT

Your directors present 9th Annual Report and Audited Accounts for the year ended 31st March, 2001 together with the reports of the Auditors and Directors thereon.

FINANCIAL RESULTS

(Rs. In lakhs)

| Particulars | 2000-2001 | 1999-2000 |
|--|-----------|-----------|
| Sale and Other Income | 614.01 | 1083.52 |
| Profit/(Loss) before depreciation and tax | (313.54) | (176.06) |
| Provision for depreciation | NIL | NIL |
| Provision for tax | NIL | NIL |
| Profit/(Loss) after Depreciation and tax | (313.54) | (176.06) |
| Add: Balance brought forward from previous year. | (167.21) | 45.43 |
| Prior Period Adjustments for Taxation | NIL | (36.57) |
| Balance carried to Balance Sheet | (480.75) | (167.21) |

OPERATIONS

During the year under review, your company has achieved gross turnover of Rs.614.01 lakhs as against Rs. 1083.52 lakhs in the corresponding previous year. Your directors attribute the main reasons for the losses suffered to the reduced demand and excess capacity created in the industry. Your directors regret to inform you that in order to avoid the recurring losses, the Draw Twisting, Sizing and texturising departments of the company remained closed for certain months due to the low demand.

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 RESPONSIBILITY STATEMENT

As required by Section 217 (2AA) of the Companies Act, 1956, your directors confirm that :

1. the preparation of the annual accounts, the applicable accounting standards have been followed.
2. your directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent as to give a true and fair view of the state of the affairs of the company as on 31st March, 2001 and the Profit and Loss Account for the year ended on that date.
3. the directors have 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 the frauds and other irregularities.
4. the directors have prepared the annual accounts on a going concern basis.

DIRECTORS

During the year under review Shri Haribhai R. Patel, Chairman & Shri Dahyabhai J Patel, director of the company resigned wef 31/01/2001. The Board places on records, its appreciation of the valuable services rendered by both of them during their respective tenure.

Though the report of the Auditors is self explanatory, the explanations of the Board of Directors is given for the observation of the auditors as under :

OVERSEAS SYNTHETICS LIMITED

Note No. (16) of Annexure "A"

The company is in the process of compilation of cost records. and the same is under progress. However, cost records do not form part of the statutory books of accounts of the company as they are of a supplementary nature.

Note No. (17) of Annexure "A"

Due to worsening financial position of the company and liquidity problems continuously faced by the company, arrears of provident fund dues and ESI could not be cleared. However, efforts are initiated to clear them as soon as possible.

Note No. (1) (2) & (3) of Annexure "B"

Due to continuous losses suffered by the company, no-provision for depreciation is made in accounts. This is consistently followed to match the result of previous year. Depreciation is only a book entry and does not involve any cash outlay. Its impact on the losses would not make a significant difference.

Gratuity as reported continues to be paid on cash basis on case to case. In view of large turnover of employees, it is difficult to determine gratuity liability towards each of them. As most of them leave the company before qualifying for the gratuity.

The Board of Directors have not provided for doubtful debts as the directors have initiated efforts for the recovery of the same to clear the outstanding amounts. After the Board is satisfied that the sum is not recoverable the provision for the same would be made in the current year.

Production register was lost during transit and could not be produced for verification. Action is being taken to restore data at the earliest from available records and the same is under compilation.

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.

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 and place on record their appreciation of the industrial peace.

ACKNOWLEDGEMENTS

Your Directors place on record their appreciation of the contribution made by employees at all level. Your directors also convey their grateful thanks to GIC, for their lenient and sympathetic approach towards the company during these times of trouble, State Bank of Saurashtra, Government Authorities, Shareholders, Distributors and Dealers for their continued patronage and support.

On behalf of the Board

DATE : 17/08/2001
PLACE : SURAT

R. H. PATEL
M. H. PATEL EXECUTIVE- DIRECTOR(Finance)

MG. 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 factor by optimum choice of power factor improvement capacitors.

B. Additional Investments and proposals, if any being implemented for reduction of consumption of energy: Nil.

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 per Form- A attached.

2. TECHNOLOGY ABSORPTION :

E. Efforts made in technology absorption:

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

3. FOREIGN EXCHANGE EARNING AND OUTGO :

F. Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and service and export plan.

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

G. Total Foreign Exchange used and earned.

| | 2000-01 | 1999-00 |
|---|---------------|---------------|
| | (Rs.in lakhs) | (Rs.in lakhs) |
| Foreign Exchange earned through exports.(on accrual basis) | N I L | 0.57 |
| Foreign exchange used CIF value of Imports (Capital Goods & Spares) | N I L | 0.21 |
| Foreign Traveling | N I L | -- |