

(2001-2002)



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OVERSEAS SYNTHETICS LIMITED

TENTH ANNUAL GENERAL MEETING

On Monday, the 30th day of September, 2002 at 1st Floor, Jariwala Compound, Vasta
Devdi Road, Katargam, Surat - 395 004 at 9.30 a.m.

BOARD OF DIRECTORS

Shri Rohit H. Patel	Managing Director
Shri Narendra H. Patel	Whole time Director
Shri Mehul H. Patel	Executive Director (Finance)
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 10th Annual General Meeting of members of the Company will be held as scheduled below.

Date : 30th September, 2002

Day : Monday

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, 2002, the audited Profit and Loss account for the year ended on 31st March, 2002 together with the Directors' and the Auditors' Report thereon.
2. To appoint a director in place of Shri Dinkar H. Patel who retires by rotation but being eligible offers himself for reappointment.
3. To appoint auditors and fix their remuneration.

Regd. Office:

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

By Order of the Board
for OVERSEAS SYNTHETICS LIMITED

Place : Surat

Date : 27/08/2002

Rohit H Patel
Managing Director

NOTES

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 OF THE COMPANY. 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 1st November, 2002 being Friday to Monday the 11th November, 2002 (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 Managing Director so as to reach the Company on or before 25/09/2002.



DIRECTORS' REPORT

Your directors present 10th Annual Report and Audited Accounts for the year ended 31st March, 2002 together with the reports of the Auditors and Directors thereon.

FINANCIAL RESULTS

(Rs. In lakhs)

Particulars	2001-2002	2000-2001
Sale and Other Income	187.89	608.64
Profit/(Loss) before depreciation and tax	(431.21)	(313.54)
Provision for depreciation	137.23	N I L
Provision for deferred tax	19.08	N I L
Prior Period Adjustments	4.06	N I L
Profit /(Loss) after Depreciation and tax	(418.18)	(313.54)
Add: Balance brought forward from previous year.	(480.75)	(167.21)
Balance carried to Balance Sheet	(898.93)	(480.75)

OPERATIONS

During the year under review, your company has achieved gross turnover of Rs.187.33 lakhs as against Rs. 614.02 lakhs in the corresponding previous year. Your directors attribute the main reasons for the losses suffered due to the reduced demand and excess capacity created in the industry and closure of all other manufacturing activities except the rapier looms division. Though the continued efforts of the directors for better operations and development of new techniques / products did not bring any impact on bottom line. As already informed in the previous report, in order to avoid the recurring losses, the Draw Twisting, Sizing and texturising departments of the company were closed down. As a result, at the close of financial year ended 31st March, 2002, your company has become a sick industrial company and accordingly action is being taken to comply with the provisions of Sick Industrial Companies (Special Provisions) Act, 1985.

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

Shri Dinkar H. Patel, Director of the company would retire and being eligible offer himself for reappointment.

EXPLANATIONS ON THE REMARKS/OBSERVATIONS OF AUDITORS

For the Observations / qualifications made by the auditors, your directors submit their explanations as under :

1. As per the consistent practice followed by the company, the gratuity continued to be accounted for on cash basis. Due to high turnover of the employees, it is observed by the management that in the absence of qualifying services being put in, gratuity could not be provided for.
2. Some of the debtors outstanding for long time and in the opinion of the management, not realizable, have been written off. However, some are still considered good and realizable hence not written off.
3. The company has not provided for the penal interest on secured loans from the bank amounting to Rs. 32 lakhs approximately as no advice from the bank to that effect has been received by the company.
4. The cost records as prescribed u/s 209(1)(d) of the companies Act, 1956 are under compilation.

OVERSEAS SYNTHETICS LIMITED

5. The Company being a sick company, a reference is now being made to the Board for Industrial and Financial Reconstruction (BIFR) as prescribed.

DIRECTORS RESPONSIBILITY STATEMENT

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

1. in 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, 2002 and the Profit and Loss Account for the year ended on that date. (Save except provision of depreciation.)
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.

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 approach and for granting one time settlement, State Bank of Saurashtra, Government Authorities, Shareholders, Distributors and Dealers for their continued patronage and support.

DATE : 27/08/2002
PLACE : SURAT

On behalf of the Board
R. H. PATEL MG.DIRECTOR
D. N. PATEL DIRECTOR



15. The company has an adequate internal audit system commensurate with its size and nature of its business.
16. In the case of the Company, the Central Government has prescribed maintenance of cost records u/s.209(1)(d) of the Companies Act, 1956 However we are unable to comment, as to whether such accounts and records have been made and maintained as such records were not produced before us.
17. The Company has not deposited any provident Fund and Employees state insurance during the year. The extent of arrears could not be quantified due to nonavailability of information.
18. As informed and explained to us no undisputed amounts payable in respect of Income-tax, wealth-tax, custom duty and excise duty were outstanding as at the last day of the financial year concerned for a period of more than six months from the date they become payable, except excise duty amounting to Rs. 7,81,836/-.
19. During the course of our examination of books of accounts carried out in accordance with the generally accepted auditing practice, we have not come across any personal expenses other than expenses under contractual obligations and/or generally accepted business practices, which have been charged to revenue account.
20. The Company is a sick industrial company within the meaning of clause (O) of sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985, However a reference is yet to be made to BIFR.
21. In respect of trading activities of the company, we are informed that the company has a procedure for determination of damaged goods. The loss from such goods if significant has been appropriately dealt with in the books of accounts.

For Natvarlal Vepari & Co.,
Chartered Accountants,

Place: Surat.
Date : 27/08/2002

(R. N. Vepari)
Partner

ANNEXURE 'B' TO AUDITORS' REPORT YEAR ENDED : 31-3-2002

- (1) The method of accounting for gratuity continues to be accounted for on cash basis, which is not in accordance with the provisions of AS-15 Accounting for retirement benefits, issued by the ICAI.
- (2) Sundry debtors include debts, which are outstanding since a long time. However the company has not provided for the same in the books of accounts.
- (3) The company has not provided penal interest charged by bank on Secured Loans amounting to about Rs. 32 Lacs, in absence of interest advice from bank.

In furtherance, we report that but for item numbers 1 & 2 above, for which effect on the financial result could not be quantified, the loss for the year would have been higher and Secured Loans would have been higher by approximately Rs. 32 lacs, had effect for item number 3 been given

For Natvarlal Vepari & Co.,
Chartered Accountants,

Place: Surat.
Date : 27/08/2002

(R. N. Vepari)
Partner

OVERSEAS SYNTHETICS LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2002

Particulars	Schedule	Current year Rs.	Previous year Rs.
SOURCES OF FUNDS :			
Shareholders' Funds :			
Share capital	1	71,762,070	71,762,070
Reserves and Surplus	2	21,889,291	27,240,613
		93,651,361	99,002,683
Loan Funds :			
Secured Loans	3	58,888,654	55,851,408
Unsecured Loans	4	12,509,721	12,509,721
		71,398,375	68,361,129
Deferred Tax Liability		3,443,236	-
TOTAL		168,492,972	167,363,812
APPLICATION OF FUNDS :			
Fixed Assets :			
Gross Block	5	83,868,965	99,251,030
Less:- Depreciation		31,219,028	23,996,230
Net Block		52,649,937	75,254,800
Investment	6	548,800	1,550,800
Current Assets, Loans & Advances :			
Inventories	7	3,838,101	5,252,784
Sundry Debtors	8	40,983,882	54,324,503
Cash and Bank Balances	9	849,191	367,358
Loans and advances	10	2,411,564	3,440,006
		48,082,738	63,384,651
Less:- Current Liabilities & Provisions:	11		
Current liabilities		23,558,762	21,945,565
Provisions		-	250,461
		23,558,762	22,196,026
Net Current Assets		24,523,976	41,188,625
Miscellaneous Expenditures			
To the extent not written off or adjusted.			
(a) Preliminary Expenditure		796,508	1,173,367
(b) Deferred revenue expenditure		81,088	121,636
		877,596	1,295,003
Profit and Loss Account		89,892,663	48,074,584
TOTAL	20	168,492,972	167,363,812
Notes forming part of the accounts.			

As per our report of even date.
For Natvarlal Vepari & Co.,
Chartered Accountants,

(R.N.VEPARI)
PARTNER
SURAT DT. 27/08/2002

for and on behalf of Board of Directors,

R. H. PATEL - MANAGING DIRECTOR
D. H. PATEL - DIRECTOR

SURAT DT. 27/08/2002



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2002.

Particulars	Schedule	Current year Rs.	Previous year Rs.
INCOME			
Sales and Job charges		18,733,337	61,338,180
Less : Excise Duty		---	538,086
		<u>18,733,337</u>	<u>60,800,094</u>
Other Income	12	56,240	63,485
TOTAL		<u>18,789,577</u>	<u>60,863,579</u>
EXPENDITURE			
Decrease in Finished Stock	13	2,413,355	13,658,545
Consumption of Raw materials	14	10,494,508	45,740,245
Manufacturing Expenses	15	6,146,013	16,227,688
Payments and benefits to employees	16	1,887,878	4,386,417
Administrative and Other Expenses	17	18,986,564	2,256,258
Selling & Distribution Expenses	18	333,586	1,877,120
Financial charges	19	7,508,600	7,653,687
Depreciation		13,722,980	---
Preliminary Expenses written off		417,407	417,407
		<u>61,910,891</u>	<u>92,217,367</u>
Loss before taxation		(43,121,314)	(31,353,788)
Less : Tax Expense			
Current Tax		---	---
Deferred Tax Liability		1,908,086	---
Short Provision of Earlier Years		(505,416)	---
		<u>(41,718,644)</u>	<u>(31,353,788)</u>
Less : Prior Period Items		99,435	---
		<u>(41,818,079)</u>	<u>(31,353,788)</u>
Balance brought forward from last year		(48,074,584)	(16,720,796)
Amount available for appropriation		<u>(89,892,663)</u>	<u>(48,074,584)</u>
Balance carried to Balance Sheet..		<u>(89,892,663)</u>	<u>(48,074,584)</u>
Basic & Diluted Earning Per Share on Equity Share of Rs.10/- each		(5.83)	(4.37)
Weighted Average number of shares outstanding.		7,176,207	7,176,207
Notes forming part of the accounts.	20		

As per our report of even date.
For Natvarlal Vepari & Co.,
Chartered Accountants,

(R.N.VEPARI)
PARTNER
SURAT DT. 27/08/2002

for and on behalf of Board of Directors,

R. H. PATEL - MANAGING DIRECTOR
D. H. PATEL - DIRECTOR

SURAT DT. . 27/08/2002