

(2005-2006)

**FOURTEENTH  
ANNUAL  
REPORT**

**OVERSEAS SYNTHETICS LIMITED**

**FOURTEENTH ANNUAL GENERAL MEETING**

On Saturday, the 30<sup>th</sup> day of September, 2006  
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 Dinkar H. Patel	
Shri M M Khatri	Nominee Director (GIIC)

**AUDITORS**

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

**BANKERS**

State Bank of Saurashtra  
Begampura  
SURAT - 395 003

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.

**NOTICE** is hereby given that 14th Annual General Meeting of members of the Company will be held as scheduled below.

Date : 30<sup>th</sup> September, 2006  
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, 2006, the audited Profit and Loss account for the year ended on 31st March, 2006 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 and 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

sd/-

Place: Surat  
Date: 02/09/2006

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 Shareholders are requested to notify change in their address immediately to the company.
3. 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 21/09/2006.

**DIRECTORS' REPORT**

Your director's present 14th Annual Report and Audited Accounts for the year ended 31st March, 2006 together with the reports of the Auditors and Directors thereon.

**FINANCIAL RESULTS**

<b>PARTICULARS</b>	<b>(Rs. in lakhs)</b>	
	<b>2005-06</b>	<b>2004-05</b>
Sales and Other Income	<b>18.07</b>	28.77
Profit/(Loss) before depreciation	<b>(243.47)</b>	(14.01)
Provision for depreciation	<b>(13.41)</b>	25.23
Provision for deferred tax	--	--
Prior period adjustments	<b>5.92</b>	(0.54)
Extra Ordinary Items on account of OTS	<b>419.30</b>	128.85
Profit/(Loss) after tax	<b>168.34</b>	90.15
Add: Balance brought forward from previous year.	<b>(1029.01)</b>	(1119.17)
Balance carried to Balance Sheet	<b>(860.67)</b>	(1029.01)

**OPERATIONS**

During the year under review, your company has achieved gross turnover of Rs. 18.07 lakhs as against Rs. 28.77 in the corresponding previous year.

Your Company has already settled outstanding dues to Secured Creditors i.e. State Bank of Saurashtra under the One Time Settlement Scheme during the year under review. Your Company now owes no secured loan from and bank or financial institutions. As a result of above settlement there is profit to the tune of Rs. 419.30 lakhs which is shown under extra ordinary items in the Profit & Loss Account and rest amount will result in substantial savings in the interest payable to the said institutions.

**DIRECTORS**

Shri Dinkar H Patel, Director of the company would retire and being eligible offers himself for reappointment. Particulars of directors seeking re-appointment are given in the Corporate Governance.

**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 most of the employees do not put in qualifying services for gratuity hence the same 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, the company has undertaken exercise to ascertain realization in some cases and the balance would be written off in the current financial year hence not written off.
3. The remarks on the reconciliation of sundry debtors and creditors, etc. does not call for special remarks as it is customary to get balances confirmed and/or reconciled which hardly affects the financial statements.
4. As consistently followed from year to year, the management firmly believes that for the assets not put to use during the year, no provision for the depreciation is justified. Hence depreciation to the extent of Rs. 2,73,292 is not provided for in the books.

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 have 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 affairs of the company as on 31st March, 2006 and the Profit and Loss Account for the year ended on that date (save and 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 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 State Bank of Saurashtra for their support & OTS, Government Authorities, Shareholders, Distributors and Dealers for their continued patronage and support.

On behalf of the Board

Sd/-

sd/-

DATE: 02/09/2005  
PLACE: SURAT

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ROHIT H PATEL  
MG. DIRECTOR

DINKAR H PATEL  
DIRECTOR

Information pursuant to the companies (Disclosure of particulars in the report of Directors) Rule, 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 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.

	(Rs. lakhs)	(Rs. lakhs)
Foreign Exchange earned through exports. (on accrual basis)	Nil	Nil
Foreign exchange used CIF value of Imports (Capital Goods & Spares)	Nil	Nil
Foreign Traveling	Nil	Nil

**FORM-A**

Form disclosure of particulars with respect to consumption of energy.

**CURRENT YEAR    PREVIOUS YEAR****A. Power & Fuel Consumption****1. Electricity**

a)	Purchased units	15170	20804
	Total amount (Rs.)	194080	157152
	Rate (Unit Rs.)	12.79	7.55
b)	Own Consumption	Nil	Nil
	i) Through Diesel Generator		
	- Units (Ltr.)		
	- Average rate		
	ii) Through Steam turbine/Generator		

**2. Coal**

Nil

Nil

Quantity (Tones)  
Total Cost  
Average rate

**3. Furnace Oil**

Nil

Nil

Quantity (in Ltrs.)  
Total amount  
Average rate

Nil

Nil

**4. Gas Consumption**

Quantity (Unit.)  
Total amount  
Average rate

**5. Others (Internal Generation)**

Nil

Nil

**B. Consumption per unit of production :**

	<b><u>STANDARD</u></b>	<b><u>CURRENT YEAR</u></b>	<b><u>PREVIOUS YEAR</u></b>
<b>1. Electricity</b>			
Yarn (Per Kg)	--	--	--
Cloth (Per Mtr.)		1.05	1.33
<b>2. Coal</b>		Nil	Nil
<b>3. Furnace Oil</b>		Nil	Nil
<b>4. Others</b>		Nil	Nil

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## Board of Directors

The Board of Directors of the company comprised of 3 directors at the beginning of the financial year. The category and composition of the directors is as under:

Category	Name of the Director
Promoter/Managing Director	Rohit H Patel
Promoter/Non-executive Director	Dinkar H Patel
Independent director	M M Khatri, Nominee Director, GIIC

Since there are only three directors on the Board of Directors as against the minimum three required, Shri Dinkar H Patel was retired at the previous AGM. Therefore, he being the director liable to retire by rotation would retire again at this AGM.

Shri Dinkar H Patel aged 48 years is technically qualified holding a Diploma in Manmade Fibre & Wet processing from Gujarat Technical Board, Ahmedabad and has undergone a PG diploma in Textile Industries at the University of Leeds (UK) in 1978. He has undergone training abroad for 2 years from 1978 to 1980 with M/s. Buyer in Germany and M/s. Hoechst in Switzerland. He is having 19 years experience in Textile business and specialised in dyeing and printing of fabrics in the associate concerns. He is associated as a promoter-non-executive director since the inception of the company.

## Number of Board Meetings held during the year

6 meetings of the Board of directors as against four minimum were held during the financial year. The dates on which held were: 31/07/2005, 26/08/2005, 30/09/2005, 07/11/2005, 31/12/2005, and 28/03/2006. None of the directors of the company was a member of more than 10 committee nor was the chairman of more than five committees across all the companies in which he was a director.

## Attendance of each director at the Board Meeting and the last AGM

Name of Director	Attendance details		No. of directorships and committee memberships held		
	Board Meeting	last AGM	Other directorships	Committee Memberships	Committee Chairmanships
R H Patel, MD	6	Y	1	0	0
D H Patel NED	6	Y	1	0	0
MM Khatri, ND	2	N		0	0

(MD=Managing Director, NED=Non Executive Director, ND=Nominee Director)

## Board Committees

The Board of directors has not constituted any audit committee in view of erosion in the net worth below Rs. 5 Crore.

## Details of Remuneration paid to the directors

Shri R H Patel, Managing Director was paid Rs.1,10,000/- during the financial year under review. No Sitting fee was paid to any Directors of the company.

**Annual General Meetings**

Locations and time of the last three AGMs were as under:

Year	Location	Date	Time
2002-2003	1 <sup>st</sup> Floor, Jariwala Compound, Vasta Devdi Road, Katargam, SURAT-395004	25/09/2003	09.30 A.M.
2003-2004	1 <sup>st</sup> Floor, Jariwala Compound, Vasta Devdi Road, Katargam, SURAT-395004	03/07/2004	09.30 A.M.
2004-2005	1 <sup>st</sup> Floor, Jariwala Compound, Vasta Devdi Road, Katargam, SURAT-395004	30/09/2005	09.30 A.M.

**Disclosure on materially significant related party transactions**

Details are as per Note No. 16 – Notes to Accounts attached to the financial statements.

**Details of non-compliance by the company and the penalties etc.**

No penalty was imposed on the company by Stock Exchange or SEBI or any other statutory authority on any matter related to the capital market. The company is in arrears of the Listing Fees to all Stock Exchanges.

**Means of Communication**

Half yearly un-audited results

Half yearly audited results are not sent to the household of the members.

**Quarterly Results**

Quarterly results are infrequently sent to the BSE on fax. The company being a sick company under the provisions of Sick Industrial Companies (Special Provisions) Act, 1985, no expenditure of advertisement is incurred by the company. This fact is brought to the notice of stock exchanges time and again.

**General Shareholder Information**

Annual general meeting for the financial year 2006 is proposed to be held on Saturday, the 30<sup>th</sup> September 2006 at 1<sup>st</sup> floor, Jariwala Compound, Vasta Devdi Road, Katargam, Surat-395004 at 09.30 a.m.

**Financial calendar**

Unaudited Result of the First Quarter :	By end of July
Unaudited Result of the Second Quarter:	By end of October
Unaudited Result of the Third Quarter :	By end of January
Unaudited Result of the Fourth Quarter :	By end of April
Annual General Meeting	By end of September



### Book Closure details:

Dividend Payments:	Not declared
Stock Code:	BSE Stock Code 514330
Stock Market Data:	No trading since 3 <sup>rd</sup> February 2003 as scrip is suspended. Listing Fees paid in installments Rs. 26100/- upto 2/09/2006
Registrar & Transfer Agents:	In House at the registered office at Surat
Share Transfer System:	In physical still, depending on the work load within 30 days from the date of lodgment of the transfer.

Distribution of Share holding as on 31/03/2006

Category		Shareholders		Share Amount	
From	To	Numbers	% to total	In Rupees	% to total
Upto	5,000	2793	84.18	5,214,280	7.12
5001	10,000	219	6.60	1,832,800	2.50
10,001	20,000	131	3.95	2,353,650	3.21
20,001	30,000	32	0.96	832,790	1.14
30,001	40,000	15	0.45	531,020	0.73
40,001	50,000	40	1.21	1,903,630	2.60
50,001	100,000	32	0.96	250,3140	3.42
100,001	And above	56	1.69	58,040,760	79.28
*** Total ***		3326	100.00	73,212,070	100.00

Plant Location: Plot No. 5054, 55, 56 GIDC Estate,  
Ankleshwar, District: Bharuch  
Gujarat, India

## MANAGEMENT DISCUSSION AND ANALYSIS

### *Disclaimer on forward looking statements*

This report contains some forward looking statements which can be identified by the context to the words like 'plans' expects, believes, anticipates, will, may, intends, projects etc. All such statements depict the future which may or may not happen or may prove wrong. These statements are based on certain assumptions about the company, product or other factors affecting the business or trade or policies of regulators and expectations may not realize.

The company and its management hereby disclaims its responsibility to publicly amend these statements and assumes no responsibility for them.

### *Financial Review*

During the year under review, gross amount of turnover and other income taken together decreased from Rs. 28.77 lakhs to Rs. 18.08 lakhs due to decrease in the sales and job work charges. As informed in the directors' report, your company has closed down most of its operative departments two-three year back to reduce the impact of losses.

The major portion of income is attributed to rent of Factory, and job work of the rapier looms.

Earning per share was Rs. 2.35 as compared to EPS of Rs. 1.26 in the previous year.

The company has entered into One time Settlement (OTS) scheme with major lender State Bank of Saurashtra (SBS) and paid off entire dues under the scheme to them and making a profit under extra ordinary items of Rs. 419.30 lakhs.

#### *Business Review*

Your company has stopped all manufacturing activities and only did some job work on the rapier looms division. Your company has no plan to re-enter the market with the sized yarn or twisted yarn. The business now only comprise of renting out of balance machineries to generate income. However, It is thought by the management to carry out some import/export activities in the current year.

#### *Manpower and Human Relations*

Most of the staff has left the company with the closure of the manufacturing activities. A few staff members in the accounts and other administrative departments have reposed faith and confidence in the company. Relations with them continued to be cordial and peaceful

#### *Tax Contribution*

In view of no manufacturing activities, the company could not contribute sizably to the government exchequer except a few petty amounts and a big chunk remained to be paid to the government and other quasi-government authorities. Details are given in the auditors report.

On behalf of the Board

Sd/-

Sd/-

DATE: 02/09/2006  
PLACE: SURAT

ROHIT H PATEL  
MG. DIRECTOR

DINKAR H PATEL  
DIRECTOR