

(2006-07)

**FIFTEENTH
ANNUAL
REPORT**

OVERSEAS SYNTHETICS LIMITED

FIFTEENTH ANNUAL GENERAL MEETING

On Saturday, the 29th day of September, 2007
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 Vepari & Co;
Chartered Accountants
405, River Palace II
Nanpura
SURAT - 395 001

CERTIFIED TRUE COPY

For Overseas Synthetics Ltd.

R. H. Patel.
Managing Director

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 15th Annual General Meeting of members of the Company will be held as scheduled below.

Date : 29th September, 2007
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, 2007, the audited Profit and Loss account for the year ended on 31st March, 2007 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.

SPECIAL BUSINESS

4. To appoint a director in place of Shri Mayur V. Shah who was appointed as an additional director and who otherwise ceases as director at the conclusion of this Annual General Meeting and in that connection to consider the following as an ordinary resolution with or without modifications.

"RESOLVED THAT Shri Mayur V. Shah who was appointed as an additional director of the company and would cease as director at the conclusion of this Annual General Meeting and in respect of whom a notice under section 257 of the Companies Act 1956 has been received proposing his candidature be and is hereby appointed as independent director of the company liable to retire by rotation."

Regd. Office:

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

By Order of the Board
for OVERSEAS SYNTHETICS LIMITED



Rohit H Patel
Managing Director

Place: Surat
Date: 05/09/2007

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 21/09/2007.
4. Explanatory statement in respect of special business Item No. 4 & 5 pursuant to section 173 (2) of the companies act, 1956 is attached.

EXPLANATORY STATEMENT

Item No. 4 : Shri Mayur V. Shah, 61, is graduate in Arts & Laws from Sir S. J. Law College, Bhavnagar. Shri Mayur V. Shah is a veteran business man dealing in Textile Machinery and has total experience of more than 45 years in this line. Shri Mayur V. Shah has been co opted as an additional director pursuant of provision 260 of the Companies Act, 1956, on the board of this company from 05th September 2007 and hold office up to the conclusion of the ensuing Annual General Meeting.

A notice from one of the members pursuant to provisions of Section 257 of the Companies Act, 1956 proposing his candidature as a Director at this Annual General Meeting has been received and accordingly your directors recommend his regularization as an independent director at this AGM.

The notice proposing candidature of Shri Mayur V. Shah is available for inspection at the Registered Office of the company during business hours between 10.00 AM to 12.00 Noon on all working days except Saturdays. None of the Directors except Shri Mayur V. Shah may be deemed concerned or interested in the above resolution.



DIRECTORS' REPORT

Your director's present 15th Annual Report and Audited Accounts for the year ended 31st March, 2007 together with the reports of the Auditors and Directors thereon.

FINANCIAL RESULTS

PARTICULARS	(Rs. in lakhs)	
	2006-07	2005-06
Sales and Other Income	8.83	18.07
Profit/(Loss) before depreciation	(3.09)	(243.47)
Provision for depreciation	(4.45)	(13.41)
Provision for deferred tax	--	--
Prior period adjustments	38.15	5.92
Extra Ordinary Items on account of OTS	--	419.30
Provision for taxation including FBT	0.08	--
Profit/(Loss) after tax	(45.77)	168.34
Add: Balance brought forward from previous year.	(860.67)	(1029.01)
Balance carried to Balance Sheet	(906.44)	(860.67)

OPERATIONS

During the year under review, your company has achieved gross turnover of Rs. 8.83 lakhs as against Rs. 18.07 in the corresponding previous year.

Your Company has now concentrated on trading activities in the current year. However, your directors have chalked out a strategy to directly import the yarn and other textile goods from cheap sources such as China and Korea. This would lead to some profitable business. Your directors have also thought of changing the business activities to real estate field and are taking necessary action for the same.

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. Since the company's turnover is reduced below Rs. 40 lakhs, the company has depended on the internal staff members for checking and no external agency was appointed to carry out internal audit to save on expenses.
2. Since the company has no production, no cost record is required to be maintained under section 209(1)(d) of the Companies Act, 1956.
3. 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.
4. 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.

5. 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.
6. 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. However for the use of assets except plant & machinery the depreciation to the extent of Rs. 4,45,131 is provided for in the books.
7. For the deferred tax – non compliance with AS 22, the management firmly believes that in the near future, there is no possibility of writing off the deferred tax assets.
8. For the impairment of assets no provision is made as during the year some part of the assets were disposed off and would be treated accordingly in the current years accounts, reflecting a true and fair view, this year.

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 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, 2007 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.

Since the company was not engaged into any production activities but only local trading, the information required by Section 217(1)(e) read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988, being not applicable, is not furnished.

AUDITORS

M/s. Natvarlal Vepari & Co; Chartered Accountants retire at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. The observations made by auditors in their report are explained herein above.

INDUSTRIAL RELATIONS

The Industrial relations 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 all concerned including its employees.

DATE: 05/09/2007
PLACE: SURAT

On behalf of the Board



ROHIT H PATEL
MG. DIRECTOR



DINKAR-H PATEL
DIRECTOR

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Corporate governance

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

However on 5th of September, 2007 Shri Mayur Shah was co opted as addition and independent Director of the Company. There were 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 49 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 20 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.

Shri Mayur Shah, 61, is graduate in Arts & Laws from Sir S. J. Law College, Bhavnagar. Shri Mayur Shah is a veteran business man dealing in Textile Machinery and has total experience of more than 45 years in this line. Shri Mayur Shah is appointed as independent director and will be appointed as Chairman of various committees of the Board of Directors of the company as and when required

Number of Board Meetings held during the year

7 meetings of the Board of directors as against four minimum were held during the financial year. The dates on which held were: 01/04/2006, 30/04/2006, 31/07/2006, 02/09/2006, 31/10/2006, 31/01/2007 and 31/03/2007. 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	7	Y	1	0	0
D H Patel NED	7	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.1,20,000/- 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
2003-2004	1 st Floor, Jariwala Compound, Vasta Devdi Road, Katargam, SURAT-395004	03/07/2004	09.30 A.M.
2004-2005	1 st Floor, Jariwala Compound, Vasta Devdi Road, Katargam, SURAT-395004	30/09/2005	09.30 A.M.
2005-2006	1 st Floor, Jariwala Compound, Vasta Devdi Road, Katargam, SURAT-395004	30/09/2006	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.

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 2007 is proposed to be held on Saturday, the 29th September 2007 at 1st 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

However, in view of notes above, the said calendar is not adhered to as prescribed.

Book Closure details:

Dividend Payments: Not declared

Stock Code: BSE Stock Code 514330

Stock Market Data: No trading since 3rd February 2003 as scrip is suspended.

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 31/03/2007

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