

(2007-08)

SIXTEENTH  
ANNUAL  
REPORT

OVERSEAS SYNTHETICS LIMITED

SIXTEENTH ANNUAL GENERAL MEETING

On Monday, the 29<sup>th</sup> day of September, 2008  
at 1st floor, Jariwala Compound, Vasta Devdi Road, Katargam  
Surat - 395 004 at 9.30 a.m.

**BOARD OF DIRECTORS**

Shri Rohit H. Patel  
Shri Dinkar H. Patel  
Shri Mayur V. Shah  
Shri M M. Khatri

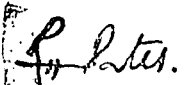
Managing Director

**AUDITORS**

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

**BANKERS**

State Bank of Saurashtra  
Begampura  
SURAT - 395 003



## 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 increased from Rs. 8.83 lakhs to Rs.71.65 lakhs due to income mainly from other sources. As informed in past directors' report, your company has closed down most of its operative departments three-four year back to reduce the impact of losses.

The major portion of income is attributed to rent of building and trading of yarn and shares.

### *Business Review*

Your company has stopped all manufacturing activities. Your company has now planned to continue trading activities in Textile Goods 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*

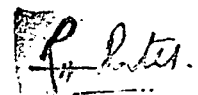
In view of no manufacturing activities, the company could not contribute sizably to the government exchequer except a few petty amounts and a big chunk remained to be paid to the government and other quasi-government authorities. Details are given in the auditors report.

On behalf of the Board

DATE: 12/08/2008  
PLACE: SURAT

Sd/-  
DINKAR H PATEL  
DIRECTOR

Sd/-  
MAYUR V SHAH  
DIRECTOR



**General Shareholder Information**

Annual general meeting for the financial year 2008 is proposed to be held on Monday, the 29<sup>th</sup> September 2008 at 1<sup>st</sup> floor, Jarliwala Compound, Vasta Devdl 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 note 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 3<sup>rd</sup> 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 31/03/2008

Category		Shareholders		Share Amount	
From	To	Numbers	% to total	In Rupees	% to total
Upto	5,000	2617	85.22	4,839,350	6.81
5001	10,000	193	6.28	1,622,550	2.28
10,001	20,000	96	3.13	1,707,400	2.40
20,001	30,000	29	0.94	742,790	1.05
30,001	40,000	13	0.42	465,520	0.66
40,001	50,000	38	1.24	1,816,130	2.56
50,001	100,000	30	0.98	2,363,890	3.33
100,001	And above	55	1.79	57,489,440	80.92
*** Total ***		3071.00	100.00	71,047,070	100.00

Plant Location:

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

*[Signature]*

## 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. A sum of Rs.500/- was paid to Shri Mayur V Shah, Director of the company.

## Annual General Meetings

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

Year	Location	Date	Time
2004-2005	1 <sup>st</sup> Floor, Jariwala Compound, Vasta Devdi Road, Katargam, SURAT-395004	30/09/2005	09.30 A.M.
2005-2006	1 <sup>st</sup> Floor, Jariwala Compound, Vasta Devdi Road, Katargam, SURAT-395004	30/09/2006	09.30 A.M.
2006-2007	1 <sup>st</sup> Floor, Jariwala Compound, Vasta Devdi Road, Katargam, SURAT-395004	29/09/2007	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.

*R. H. Patel*

## Corporate governance

### Board of Directors

The Board of Directors of the company comprised of 4 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	Mayur V. Shah
Independent director	M M Khatri, Nominee Director-GIIC

There were four 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 50 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 21 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

4 meetings of the Board of directors as against four minimum were held during the financial year. The dates on which held were: 30/04/2007, 31/07/2007, 31/10/2007, 31/01/2008. 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	4	Y	1	0	0
D H Patel NED	4	Y	1	0	0
Mayur V. Shah NED	2	N		0	0
M M Khatri, ND	0	N		0	0

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

*[Signature]*

## 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.

On behalf of the Board

DATE: 12/08/2008  
PLACE: SURAT

Sd/-  
DINKAR H PATEL  
DIRECTOR

Sd/-  
MAYUR V SHAH  
DIRECTOR

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*[Handwritten signature]*

**DIRECTORS' REPORT**

Your director's present 16th Annual Report and Audited Accounts for the year ended 31st March, 2008 together with the reports of the Auditors and Directors thereon.

**FINANCIAL RESULTS**

(Rs. in lakhs)		
<b>PARTICULARS</b>	<b>2007-08</b>	<b>2006-07</b>
Sales and Other Income	<b>71.65</b>	8.83
Profit/(Loss) before depreciation	<b>8.11</b>	3.09
Provision for depreciation	<b>0.64</b>	4.45
Provision for deferred tax	--	--
Prior period adjustments	<b>24.63</b>	38.15
Extra Ordinary Items	<b>10.32</b>	--
Provision for taxation including FBT	<b>0.07</b>	0.08
Profit/(Loss) after tax	<b>(6.91)</b>	45.77
Add: Balance brought forward from previous year.	<b>(906.44)</b>	(860.67)
Balance carried to Balance Sheet	<b>(913.36)</b>	(906.44)

**OPERATIONS**

During the year under review, your company has achieved gross turnover of Rs.71.65 lakhs as against Rs. 8.83 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.

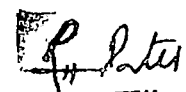
**DIRECTORS**

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 increased above 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. 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. 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.



5. 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. 64,486/- is provided for in the books.
6. 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.
7. 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, 2008 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.

