

Overseas Synthetics Limited

Twentieth Annual Report

2011– 2012

Overseas Synthetics Limited

20th Annual Report

Board Of Directors

Shri. Rohit H. Patel	Managing Director
Shri. Dinkar H. Patel	Director
Shri. Mayur V. Shah	Director
Shri. Anirudh C. Sonpal	Director
Shri. Surendra U. Tamboli	Director
Shri. Suresh Prasad Roy	Director

Auditors:

Messrs Natvarlal Vepari & Co.
Chartered Accountants,
Surat.

Registered Office:

Nutan Estate, Vasta Devdi Road,
Madhav Baugh, Katargam
Surat - 395 004.

Registrar and share transfer agents:

Mcs Limited
Unit: Overseas Synthetics Limited
Neelam Appartment, 88, Sampatrao Colony
Above Chhappan Bhog, Alkapuri
Vadodara-390 007

Bankers:

State Bank Of India
Begampura, Surat-395 003

Sr. No	Subject	Page No.
1	Notice	1-5
2	Director's Report	6-9
3	Corporate Governance Report	10-16
4	Auditor's Report	17-22
5	Balance Sheet	23
6	Profit & Loss Account	24
7	Notes to Accounts	25-34
8	Cash Flow Statement	35

NOTICE

NOTICE is hereby given that the Twentieth Annual General Meeting of the Members of OVERSEAS SYNTHETICS LIMITED will be held on Tuesday, 30th October, 2012, at 10.00 a.m. at its Registered Office situated at Nutan Estate, Vasta Devdi Road, Madhav Baugh, Katargam, Surat-395 004, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit & Loss Account for the year ended 31st March, 2012, Balance Sheet as at that date and the Directors' and Auditors' Reports thereon.
2. To appoint a Director in place of Shri Dinkarbai H. Patel, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint the Auditors of the Company, to hold Office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

4. To consider and if thought fit to pass with or without modification, the following resolution as an Ordinary Resolution:
"RESOLVED THAT Mr. Kamalkumar Rajendrakumar Aggarwal be and is hereby appointed as a Director under the provisions of Section 257 of the Companies Act, 1956.
5. To consider and if thought fit to pass with or without modification, the following resolution as an Ordinary Resolution:
"RESOLVED THAT Mr. Nareshkumar Vijaykumar Goyal be and is hereby appointed as a Director under the provisions of Section 257 of the Companies Act, 1956.
6. To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:
"RESOLVED THAT Mr. Suresh Prasad Roy, who was appointed as an Additional Director of the Company with effect from 20.12.2011 and who holds office upto the date of this Annual General Meeting under section 262 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing under section 257 of the Companies Act, 1956 from a member proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation,".
7. To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:
"RESOLVED THAT Mr. Surendra Tamboli, who was appointed as an Additional Director of the Company with effect from 20.12.2011 and who holds office upto the date of this Annual General Meeting under section 262 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing under section 257 of the Companies Act, 1956 from a member proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation,".
8. To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:
"RESOLVED THAT Mr. Anirudh Sonpal, who was appointed as an Additional Director of the Company with effect from 20.12.2011 and who holds office upto the date of this Annual General Meeting under section 262 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing under section 257 of the Companies Act, 1956 from a member proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation,".
9. Pursuant to the provisions of Section 192A of the Companies Act, 1956 read with the Companies (Passing of the resolution by postal ballot) Rules, 2011, the consent of the members for the following special resolution is sought separately by way of postal ballot.
"RESOLVED THAT pursuant to Section 17, 192A and all other applicable provisions, if any, of the Companies Act, 1956 read with the Companies (Passing of the Resolutions by Postal Ballot) Rules, 2011 including any statutory modifications or re- enactment thereof for the time being in force, the present clause III of the Company's Memorandum of Association be is hereby altered in the manner and to the extent stated below :
The following sub clause 3 be inserted after the present sub clause 2 in the Main Object Clause III (A) of the Memorandum of Association of the Company:

- “(3) To carry on the business as manufacturers, processors, importers, exporters, dealers, sellers, buyer consignors, consignees, agents, stockiest, suppliers of all classes, kinds, types and nature of chemical dyes, pigments and auxiliaries, intermediates including but without limiting the generality of the foregoing heavy chemicals, fine chemicals, organic and inorganic chemicals, pharmaceuticals, drugs and medicinal chemicals, gum, allied chemicals and boiling agents for textiles, paints, cosmetics, pharmaceutical paper, processing, leather, metals, food pigments and other industries made from whatever substance including minerals.”

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to agree to and accept such modifications, terms and conditions in the newly inserted object clause as may be accepted by the concerned authorities and to modify the same accordingly and obtain confirmation and to do all such acts, deeds, matters and things as may be necessary to implement the aforesaid resolution.

RESOLVED FURTHER THAT pursuant to Section 149 (2A) of the Companies Act, 1956, consent of the Board of Directors be and is hereby granted to the Company for commencing the business as stated in the Sub-clause 3 c of the Main Object Clause III (A) of the Memorandum of Association of the Company upon the aforesaid clause becoming effective and that the Board of Directors be and hereby authorised to take up and commence such business at the time and in the manner they deem fit.”

10. Pursuant to the provisions of Section 192A of the Companies Act, 1956 read with the Companies (Passing of the resolution by postal ballot) Rules, 2011, the consent of the members for the following special resolution is sought separately by way of postal ballot.

“**RESOLVED THAT** pursuant to the provisions of Section 146 (2), 192A and all other applicable provisions, if any, of the Companies Act, 1956 read with the Companies (Passing of the Resolutions by Postal Ballot) Rules, 2001 including any statutory modifications or re-enactment thereof for the time being in force, with effect from 30.10.2012, the Registered Office of the Company be shifted from Nutan Estate, Vasta Devdi Road, Madhav Baugh, Katargam, Surat – 395 004 to Block No 355, Manjusar Kinpad Road Village: Manjusar, Taluka: Savli, Vadodara.

RESOLVED FURTHER THAT, the Board of Directors of the Company be and are hereby authorized, jointly and severally, to take all the necessary actions to implement this resolution”.

11. To consider and if thought fit, to pass with or without modifications, the following resolution as a Special Resolution:

“**RESOLVED THAT** in the compliance with SEBI Circular No D&CC/FITTC/CIR -15/2002, dated December 27, 2002 and pursuant to Section 163 and other applicable provisions, if any, of the Companies Act, 1956 (“Act”), the consent be and is hereby accorded for keeping and maintaining the Register of Members/ Debenture holders together with the Index of the members, Register of Transfer and such other related books, records and documents as may be required with M/s MCS Limited, Neelam Apartment, 88 Sampatrao Colony, B/h. Standard Chartered Bank, Alkapuri, Vadodara-390007 appointed as Registrars and Share Transfer Agent (R&T Agent) of the Company.

RESOLVED FURTHER THAT all such acts, deeds and things done /to be done in terms of the above resolution by and with the authority of the Board of Directors be and are hereby confirmed and ratified.”

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.** Proxies, in order to be effective, should be duly completed, stamped and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
2. The Register of Members and Share Transfer Books of the Company will remain closed from **Thursday, 25th October, 2012 to Tuesday, 30th October, 2012 [Both days inclusive].**
3. Shareholders seeking any information with regard to accounts are requested to write to the Company at least seven days in advance so as to enable the Company to keep the information ready.
4. All documents referred to in the Notice are open for inspection at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on any working day except Saturdays and holidays upto the date of Annual General Meeting.

5. All the work related to share registry in terms of both-physical and electronics are being conducted by Company's R & T Agents - M/s. MCS Limited, Neelam Apartment, 88 Sampatrao Colony, B/h Standard Chartered Bank, Alkapuri, Vadodara-390007. Tel.: 0265-2339397 Fax: 0265-2341639 Email: mcsitdbaroda@yahoo.com . The Shareholders are requested to send their communication to the aforesaid address in future.
6. **Re-appointment and Appointment of Directors:**

At the ensuing Annual General Meeting Mr. Dinkarbhai H. Patel retire by rotation and being, eligible offer himself for re-appointment. Mr. S. P. Roy, Mr. Anirudh Sonpal and Mr. Anirudh Sonpal are being appointed as Independent Directors on the Board. Mr. Kamalkumar Aggarwal and Mr. Nareshkumar Goyal are being appointed as Directors, representing acquirers / new promoters.

As required under Clause 49 of the Listing Agreement, the details pertaining to the Director seeking re-appointment and appointment are furnished in the statement of Corporate Governance.
7. Shareholders are requested to furnish their e-mail id particulars to the Company at the Company's dedicated mail id : overseassltd@gmail.com this will assist the Company in redressing of Shareholder's grievances expeditiously.
8. The Ministry of Corporate Affairs (vide circular nos. 17/2011 and 18/2011 dated April 21, and April 29, 2011 respectively) has undertaken a "Green Initiative in corporate Governance" and allowed companies to share documents with its shareholder through an electronic mode. A recent amendment to the Listing Agreement with the Stock Exchanges permit companies to send soft copies of the Annual Report to all those shareholders who have registered their email address for the said purpose. Members are requested to support this Green Initiative by registering / updating their e-mail address for receiving electronic communications.

**By Order of the Board,
For Overseas Synthetics Limited**

**Yogesh Parmar
Company Secretary**

**Place: Vadodara
Date: 15/09/2012**

Regd. Office:
Nutan Estate, Vasta Devdi Road,
Madhav Baugh Lane, Katargam,
Surat-395 004

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956

Item No. 2:

The Company has received a letter dated 13th August, 2012 from M/s. Natvarlal Vepari & Co., Chartered Accountants, Surat, the retiring Auditors expressing their desire not to seek re-appointment as Auditors at the ensuing Annual general Meeting for the Financial Year 2012-13.

The Company has also received a letter dated 13th August, 2012 from M/s. Shah, Mehta & Bakshi, Chartered Accountants, "Prasanna House", Near Associated Society, Akota, Vadodara-390 020 expressing their willingness to act as Statutory Auditors of the Company, if appointed, and confirming their eligibility u/s. 224(1B) of the Companies Act, 1956.

Members are requested to appoint Auditors and fix their remuneration.

Item No. 4 & 5

Mr. Kamal Aggarwal and Mr. Nareshkumar Goyal are respectively proposed to be inducted as Directors under the provisions of Section 257 of the Companies Act, 1956. Requisite Notices along with deposits have been received from Members.

Mr. Kamal Rajendrakumar Aggarwal, aged 50 years, presently residing at A-13, Shivashray Housing Complex, Opp. Raneshwar Temple, Vasana Road Vadodara-390 015, is a Bachelor in Engineering (Petrochemicals). He has more than 26 years of experience in manufacturing of fine and other chemicals and construction and development.

Mr. Nareshkumar Vijaykumar Goyal, aged 54 years, presently residing at Navdeep Bunglow, Behind Aavkar Hall, Karelibaug, Vadodara-390 018 is an under graduate. He has more than 31 years of experience in manufacturing of fine and other chemicals, Laboratory and Industrial Glassware and Construction and Development.

None of the Directors on the Board are in any way concerned / interested in this resolution.

Yours Directors recommend the resolutions at Item No. 4 and 5 for your approval.

Item No. 6, 7 & 8:

The Company has initiated the steps towards revocation of suspension of trading in its equity shares. In the said direction, while complying with the provisions of corporate governance under clause 49 of the listing agreement, the Board of Directors at its meeting held on 20.12.2011 had respectively appointed Mr. S. P. Roy, Mr. Anirudh Sonpal and Mr. Anirudh Sonpal as Independent Directors on the Board and also re-constituted various Committees of the Directors.

Mr. S. P. Roy, aged 70 years is a member of The Institute of Companies Secretaries of India and Institute of Cost and Works Accountants of India. He is having rich experience of more than 40 years in corporate laws, labour legislations, production, costing etc. and held various positions in the Industries. He is presently offering his services as Independent Director and Management Consultant. Mr. S. P. Roy does not hold any other directorships.

Mr. Anirudh Sonpal, aged 52 years is a member of The Institute of Chartered Accountants of India. He is having rich experience of more than 25 years in income tax, service tax, audit, finance etc. He is presently practicing as Chartered Accountant at Vadodara. Mr. Anirudh Sonpal holds directorship in Flexituff International Limited.

Mr. Surendra Tamboli, aged 57 years is a member of The Institute of Companies Secretaries of India. He is having rich experience of more than 30 years in corporate laws, accounts, finance and labour legislations etc. and held various positions in the Industries. He is presently practicing as Company secretary at Vadodara. Mr. Surendra Tamboli holds directorship in Jord Engineering India Limited and Modern Tube Industries Limited, both being listed companies.

In terms of section 262 of the Companies Act, 1956, Mr. S. P. Roy, Mr. Anirudh Sonpal and Mr. Surendra Tamboli respectively holds office as Director till the ensuing Annual General Meeting of the Company. The Company has received notices under section 257 of the Companies Act, 1956 from members proposing the respective names of Mr. S. P. Roy, Mr. Anirudh Sonpal and Mr. Surendra Tamboli as candidate for the office of Director of the Company.

None of the Directors on the Board are in any way concerned / interested in this resolution.

Yours Directors recommend the resolutions at Item No. 6, 7 and 8 for your approval.

Item No. 9 & 10:

As members are aware, your Company has stopped its manufacturing activity for last several years and also discontinued trading activity for last couple of years. Further, during the financial year ended 31.03.2012, the Company finally disposed off its balance immovable properties including factory land and building situated at Nutan Estate, Vasta Devdi Road, Madhav Baugh, Katargam, Surat-395 004.

As a matter of fact, the erstwhile promoters of the Company namely, Mr. Haribhai R Patel, Mr. Rohitbhai H Patel, Mrs.

Geeta Rohitbhai Patel, Mr. Mehulbhai H Patel and Mr. Dinkarbhai H Patel have transferred their entire shareholdings representing 58.83% of the present voting capital of the Company, in favour of acquirers / new group of promoters namely, Mr. Nareshkumar Vijaykumar Goyal, Mrs. Shubharangana Nareshkumar Goyal, Mr. Navdeep Nareshkumar Goyal Mr. Kamal Rajendra Aggarwal and Mrs. Minal Kamal Aggarwal of Vadodara who have vide their Letter of Offer dated 24th July, 2012, made an Open Offer to the Shareholder(s) of the Company and could acquire total 78,317 equity shares (equivalent to 1.10% of Company's paid up capital) from the shareholders

On completion of Offer as mentioned above and on completion of related formalities thereto, the Acquirers finally acquired and now holds in aggregate 42,58,293 (representing 59.94 % of Company's paid up capital) and they have taken over the control and management of the Company from the existing Promoters.

The said acquirers / new group of promoters have commendable experience in manufacturing of fine and other chemicals, Laboratory and Industrial Glassware and Construction and Development and with their wisdom and available infrastructure, they intend to put the Company in to its right perspective with various corporate strategies and actions. Accordingly, it is proposed to insert sub-clause 3 after existing sub-clause 2 in the Main Object Clause III (A) to the Memorandum of Association of the Company in terms of the provisions of Section 17 of the Companies Act, 1956. As per Section 149(2A) of the Companies Act, 1956, it would be necessary for the members to accord their approval to the Company for commencing the activity as set out in the newly inserted sub-clause 3 of the memorandum of Association of the Company.

Moreover, since the new promoters as well as other directors of the Company are located at Vadodara, to carry on the business activities more economically and efficiently, it would be beneficial to shift the registered office of the Company from Surat to Vadodara, which falls within the same State of Gujarat. In accordance with the provisions of Section 146(2) of the Companies Act, 1956, the proposed change in place of registered office would require approval of the shareholders at their general meeting by passing a Special Resolution.

The Directors therefore recommend the proposed the Special Resolutions as set out at item number 9 and 10 of this notice for approval of the Members.

None of the Directors of the Company are interested in passing of this resolution.

As per the provisions of section 192A of the Companies Act, 1956 and the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001, the consent of the shareholders for the resolutions as set out at item number 09 (under section 17) and 10 (under section 146(2)) of this Notice are required to be obtained by means of postal ballot. Accordingly, a postal ballot form is being sent, separately, to all the members. The Result of the Postal Ballot will be declared at the ensuing 20th Annual general meeting of the Company to be scheduled on 30th October, 2012 at its registered office situated at Surat.

Item No. 11:

Securities Exchange Board of India (SEBI) vide its circular dated December 27, 2002 has mandated the listed Companies to maintain all the work related to Share registry (both the physical share facility and demat segment) at a single place. Accordingly, the Board of Directors has appointed M/s MCS Limited, Neelam Apartment, 88 Sampatrao Colony, B/h Standard Chartered Bank, Alkapuri, Vadodara-390007 who is duly registered with SEBI, as common Registrar and Transfer Agent of the Company with effect from 21st June, 2011, both for physical and demat mode.

Approval of members is sought, in the terms of Section 163 of the Companies Act, 1956 for shifting Register of Members together with the Index of the Members, Register of Transfer and such other related books, records and documents from the Registered Office to M/s MCS Limited, Neelam Apartment, 88 Sampatrao Colony, B/h Standard Chartered Bank, Alkapuri, Vadodara-390007.

Your Directors recommend the special resolution.

None of the Directors are, in any way, concerned or interested in the aforesaid resolution.

**By Order of the Board,
For Overseas Synthetics Limited**

**Place: Vadodara
Date: 15/09/2012**

**Yogesh Parmar
Company Secretary**

Regd. Office:
Nutan Estate, Vasta Devdi Road,
Madhav Baugh Lane, Katargam,
Surat- 395 004

DIRECTORS' REPORT

To,

The Members,

The Directors are pleased to present the Twentieth Annual Report and the Audited Accounts of the Company for the year ended on 31st March, 2012.

1. FINANCIAL RESULTS

Particulars	31.03.2012	31.03.2011
Operating Revenue	Nil	20.72
Others	8.62	17.91
Total Income	8.62	38.63
Expenditure	6.16	24.95
Profit / (Loss) before Exceptional & Extraordinary items & Tax	2.46	13.68
Exceptional Items	185.03	Nil
Finance Charges	Nil	Nil
Depreciation	Nil	Nil
Profit / (Loss) before Tax	187.49	13.68
Provisions and write offs	NIL	NIL
Provision for tax (current)	NIL	NIL
Fringe Benefit Tax	NIL	NIL
Deferred Tax Added back/written off	NIL	39.24
Profit / (Loss) after tax	187.49	52.92
Excess (short) provision of earlier year written off / back (net)	NIL	Nil
Balance brought forward from previous year	(923.49)	(976.40)
Loss carried to Balance Sheet	(736.00)	(923.49)

During the year under review, the Company did not carry out any operational activity. The other income of Rs. 8.62 lacs is on account of rent received on letting out Company's factory premises for the year 2011-12 and the same has been dis-continued from April, 2012. The exceptional income of Rs. 185.03 refers to profit arisen on disposal of balance immovable properties of the Company including its factory land and building situated at Nutan Estate, Vasta Devdi Road, Madhav Baugh, Katargam, Surat-395 004. The execution of sale deed for the aforesaid disposal of immovable properties in favour of the buyer is pending and the same would be executed in due course.

2. DIVIDEND

In view of carried forward losses, your Directors do not recommend any dividend on the Equity Share Capital.

3. Open Offer:

During the period under review, the existing promoters of the Company namely, Mr. Haribhai R Patel, Mr. Rohitbhai H Patel, Mrs. Geeta Rohitbhai Patel, Mr. Mehulbhai H Patel and Mr. Dinkarbhai H Patel (the promoters), have entered into a Share Purchase Agreement ("Agreement"), on 22nd November, 2011 with Mr. Nareshkumar Vijaykumar Goyal, Mrs. Shubharangana Nareshkumar Goyal and Mr. Navdeep Nareshkumar Goyal, Mr. Kamal Rajendra Aggarwal and Mrs. Minal Kamnal Aggarwal of Vadodara (the Acquirers) for sale of their entire Promoters holding constituting 41,79,976 Equity Shares, each fully paid up, representing 58.83% of the present voting capital of the Company, at a price of Rs. 3/- per fully paid Share for cash consideration.

This Agreement has necessitated for the Acquirers to make an Open Offer in terms of Regulation 3(1) of SEBI (Substantial Acquisition of Shares & Takeovers) Regulations 2011.

Accordingly, the Acquirers vide their Letter of Offer dated 24th July, 2012 made an Open Offer to the Shareholder(s) of the Company (other than the aforesaid Promoters) to acquire up to 18,47,224 fully paid up Equity Shares of the Company of Rs.10/- each, representing in aggregate 26% of the paid up Equity Share Capital and voting capital, at a price of Rs. 3.18/- per share payable in cash subject to the terms and conditions mentioned in the said Letter of Offer.

The Offer was made open on 6th day of August, 2012 and was closed on 24th day of August, 2012 (both days inclusive). The Offer was made subject to the provisions of the Companies Act 1956, SEBI (SAST) Regulations as amended and Listing Agreement of the Target Company with the Stock Exchange and other applicable Laws and Regulations in force.

In the aforesaid Offer, the Acquirers could acquire total 78,317 equity shares (equivalent to 1.10% of Company's paid up capital) from the shareholders and paid the consideration through designated escrow account as per agreed terms.

On completion of Offer as mentioned above and on completion of related formalities thereto, the Acquirers finally acquired in aggregate 42,58,293 (representing 59.94 % of Company's paid up capital) and they have taken over the control and management of the Company from the existing Promoters. The said Acquirers / New Promoters have commendable experience in manufacturing of fine and other chemicals, Laboratory and Industrial Glassware and Construction and Development. It is expected that the new promoters would put the Company in to its right perspective.

4. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

a) Industry Structure

As on date, the Company does not carry out any operational activity and hence, it does not fall under any particular industry.

b) Opportunities and Threats

In absence of any business activity, your Directors are unable to comment on opportunities and threats which otherwise your Company would have been subject to.

c) Outlook

With the undergoing change in Promoters, the management of the Company would also be changed. It is expected that with the kind of expertise and versatile knowledge at their disposal, the new promoters would restructure the Company with suitable means and would recommence the operations in the Company at the earliest.

d) Risks and Concerns

Your Company is subject to external risks like increasing interest rates, liquidity crunch, inflationary pressure, plunging capital market, slowdown in Indian and global economy etc. Apart from external risks, the recommencement of business activity in the Company largely depends on various approvals, procedures and sanctions, which may get delayed.

e) Adequacy of Internal Control

The Company has an adequate internal controls system commensurate with its present size.

f) Human Resource Development

Your Company would continue to have cordial and harmonious relations with its employees

g) Discussion on financial performance with respect to operational Performance

There is no revenue from operations. The other income of Rs. 8.62 lacs is rental income. The exceptional income of Rs. 185.03 refers to profit arisen on disposal of balance immovable properties of the Company including its factory land and building situated at Nutan Estate, Vasta Devdi Road, Madhav Baugh, Katargam, Surat-395 004. After providing NIL provision for taxes and carried forward loss of Rs. 506.28 lacs, the total loss of Rs. 163.34 lacs has been carried over.

5. DIRECTORS

At the ensuing Annual General Meeting, Shri Dinkar H. Patel, Director, of the Company shall retire by rotation and he being eligible offers himself for re-appointment. The Board at its meeting held on 20.12.2011 had respectively appointed Mr. S. P. Roy, Mr. Anirudh Sonpal and Mr. Anirudh Sonpal as Additional Directors in the category of Independent Director. They respectively holds the office of Additional Director upto the date of ensuing Annual General Meeting. The Company has received Notices under section 257 of the Companies Act, 1956, proposing all of them as candidates for the office of Director, liable to retire by rotation.

6. PUBLIC DEPOSITS

The Company has neither accepted nor renewed any Public Deposits during the year under review. As on date the Company does not hold any fixed deposit from public.

7. AUDITORS

The tenure of M/s. Natvarlal Vepari & Co., Chartered Accountants, Surat, the retiring Auditors expires at the conclusion of the ensuing Annual General Meeting. They have expressed their unwillingness to be re-appointed as Auditors.

M/s. Shah, Mehta & Bakshi, Chartered Accountants, Vadodara has expressed their willingness to act as Auditors of the Company.

8. OBSERVATIONS OF AUDITORS

In the Annexure "A" to the draft Auditors Report for the year ended 31.03.2012, in para number (1) (c), 7 and 10, the Auditors have expressed their observations. Your Directors would like to furnish their explanations to the said observations under:

With regard to para number (1) (c):

During the period under review, the Company has sold its immovable property being factory land and building situated at Nutan Estate, Vasta Devdi Road, Madhav Baug, Katargam, Surat which were not utilized for conducting any manufacturing activity for quite a long period. However, with the changes in existing management of the Company, which would be taken place on completion of ongoing open offer made by the Acquirers, they shall reorganize the Company by adopting suitable means of corporate restructuring and shall recommence the business activity in the Company at the earliest. In the meantime, the Company will continue to pay all its statutory liabilities and endeavor to comply with the provisions of the Corporate Governance. Hence, the Company very much remains as a going concern.

With regard to para number 7:

Considering the present status of the Company, it was not required to appoint any formal internal auditors. However, the Company does have an adequate internal control system commensurate with its current operations.

With regard to para number 10:

Regarding accumulated losses which exceed more than 50% of Company's networth, kindly refer the explanation as furnished herein above.

With regard to qualification / observation made by the In the Annexure "B" to the draft Auditors Report for the year ended 31.03.2012, your Directors would like to state that there was no operational activity carried out by the Company during last few years. Had the Company provided depreciation, it would not have affected the profitability of the Company on said sale of assets. Providing depreciation on the immovable properties / assets sold would have been merely an accounting entry. Hence, your Directors have thought fit not to charge depreciation.

9. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Since your Company is not a manufacturing Company, the statement with respect to conservation of energy, technology absorption is not applicable to the Company.

The Company has neither earned nor used any foreign exchange during the year under review.

10. PARTICULARS OF EMPLOYEES

The Company did not have any employee falling within the scope of sub-section [2A] of Section 217 of the Companies Act, 1956.

11. CORPORATE GOVERNANCE

The report on Corporate Governance pursuant to clause 49 of the listing agreement with BSE along with the certificate of M/s. H. M. Mehta & Associates, Practising Company Secretaries, Vadodara, forms part of this report and attached to this report.