

(2007-08)

**SIXTEENTH
ANNUAL
REPORT**

OVERSEAS SYNTHETICS LIMITED

SIXTEENTH ANNUAL GENERAL MEETING

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

BOARD OF DIRECTORS

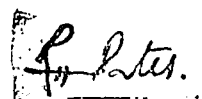
Shri Rohit H. Patel	Managing Director
Shri Dinkar H. Patel	
Shri Mayur V. Shah	
Shri M M. Khatri	

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

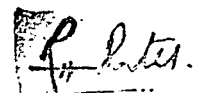
In view of no manufacturing activities, the company could not contribute sizably to the government exchequer except a few petty amounts and a big chunk remained to be paid to the government and other quasi-government authorities. Details are given in the auditors report.

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 29th September 2008 at 1st 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 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 31/03/2008

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 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.
2006-2007	1 st 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.

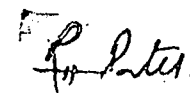
Means of Communication

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.



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.

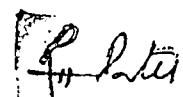
Number of Board Meetings held during the year

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)



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

P. Patel

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

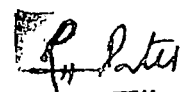
DIRECTORS

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

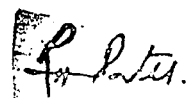
Information pursuant to provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended is NOT APPLICABLE as no employee of the company was in receipt of remuneration at the prescribed rate during the year under review.

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.



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 16th Annual General Meeting of members of the Company will be held as scheduled below.

Date : 29th September, 2008
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, 2008, the audited Profit and Loss account for the year ended on 31st March, 2008 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

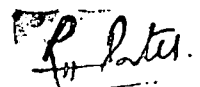
sd/-

Place: Surat
Date: 12/08/2008

Dinkar H. Patel
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 19/09/2008.



NATVARLAL VEPARI & CO.

Chartered Accountants

405, River Palace-II, Near Navdi Ovara, Nanpura, Surat - 395 001

Tel. : +91 261 246 5585 Fax : +91 261 246 5589 E-mail : vepari@youtele.com


AUDITORS' REPORT

To,
The Members,
Overseas Synthetics Limited,
Surat.

We have audited the attached Balance Sheet of **OVERSEAS SYNTHETICS LIMITED, SURAT** as at 31st MARCH, 2008, Profit and Loss Account and the Cash Flow statement of the Company for the year ended on that date annexed hereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

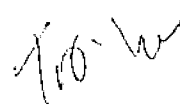
We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditors' Report) Order, 2003, issued by the Department of Company Affairs in terms of Section 227 (4A) of the Companies Act, 1956, we annex hereto **Annexure 'A'** on the matters specified in paragraph 4 and 5 of the said order.
2. Further to our remark in 1 above, we report as under:
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of such books;



- (iii) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of accounts;
- (iv) In our opinion, the Profit and Loss account and Balance sheet comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956, **except as stated in Annexure "B"**.
- (v) In our opinion and to the best of our information and according to the explanations given to us, the accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in accordance with accounting principles generally accepted in India **except as stated in Annexure "B"**.
- I. In the case of the Balance Sheet of the Company of the state of affairs of the Company as at 31st MARCH, 2008.
 - II. In the case of the Profit and Loss account of the *loss* of the company for the year ended on that date.
 - III. In the case of the Cash Flow statement, of the cash flows for the year ended on that date.
- (vi) On the basis of written representation received from the Director of the company as at 31st March, 2008 and taken on record by the Board of Directors, we report that no director is disqualified from being appointed as director of the company under clause (g) of sub- section (1) of Section 274 of the Companies Act, 1956.


For Natvarlal Vepari & Co.,
Chartered Accountants,



Partner.

RAVINDRA VEPARI
M. No. 6728

Surat, Date: 1 2 AUG 2008



OVERSEAS SYNTHETICS LIMITED, SURAT

ANNEXURE 'A' TO AUDITORS' REPORT YEAR ENDED: 31-3-2008.

- (1) (a) The Company has maintained records showing particulars including quantitative details and situation of fixed assets.

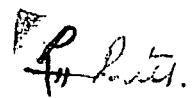
(b) As informed to us, the assets have been physically verified by the management during the period covered by the audit report.

(c) The company has disposed of substantial part of fixed assets. However going concern status is not been affected as in the view of the management of the company there is no intension to discontinue business or any substantial activity.
- (2) (a) As informed to us, the inventory has been physically verified during the period by the management at reasonable intervals.

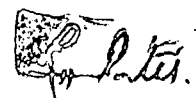
(b) According to the information and explanations given to us, the procedures of physical verification of the inventories followed by the management are reasonable and adequate in relation to the size of the company and nature of the business

(c) The company is compiling proper records of inventory. As informed, the discrepancies noticed on verification between the physical stock and the book records were not material and have been properly dealt with in the books of accounts.
- (3) (a) The Company has not granted any loans, secured or unsecured, to companies, firms, or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956. Accordingly paragraphs (iii) (a), (b), (c) and (d) of the Order are not applicable.

(b) The Company has not taken loan from any party covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly clause (e) and (f) of paragraph 4 of the Companies (Auditors' Report) Order, 2003 is not applicable to the Company.



- (4) In our opinion and according to the information and explanations given to us, internal control procedures requires reinforcement to enable it to be commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed asset and for sale of goods. During the course of our assessment, no major weakness in internal control has come to our notice. However some minor irregularities were notice.
- (5) In respect of transactions entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956:
- (a) Based on the audit procedures applied by us and the information and explanations provided by the management, we are of the opinion that there were no transactions, exceeding the value of rupees five lakhs in respect of any party during the year that need to be entered in the register maintained under section 301 of the Companies Act, 1956.
- (6) During the year the Company has not accepted any deposit from the public within the meaning of the provisions of Section 58A and 58AA of the Companies Act, 1956 and rules made there under. Hence clause 6 of the order is not applicable.
- (7) *In our opinion, the Company does not have an internal audit system commensurate with its size and nature of the business.*
- (8) *According to information and explanations given to us, the Company has not made and maintained cost records prescribed by the Central Government under Section 209 (1) (d) of the Companies Act, 1956.*
- (9) (a) The Company is generally regular in depositing undisputed statutory dues including income tax, sales tax, wealth tax, custom duty, excise duty, cess and any other statutory dues within the prescribed time limits with the appropriate authorities during the year except, the following dues which have been outstanding for more than six months as on 31st March, 2008.



Name of the Statute	Nature of Dues	Amount Rs.	Due Date	Date of payment
Employees' Provident Fund Act	Employees' Provident Fund Act Dues	310,675/- 200,909/-	31.03.2000 31.03.2001	--
Employees' State Insurance Act	Employees' State Insurance Act Dues	42,447/- 61,285/-	31.03.2000 31.03.2001	--

- (b) According to information and explanation provided to us, there are no dues in respect of income tax, sales tax, wealth tax, custom duty, excise duty, cess which have not been deposited, on account of any dispute except the following:

Name of the Statute	Nature of Dues	Amount Rs.	Period to which amount relates	Forum where dispute is pending
Central Excise Act, 1944	Modvat Credit	781,836/-	31.03.2000	CEGAT
Central Excise Act, 1944.	Central Excise Duty	339,426/-	02.02.1998	High Court

- (10) *The Company has accumulated losses at the end of the financial year which is exceeding fifty percent of its net worth and it has incurred cash losses during the current financial year and the immediately preceding financial year.*
- (11) According to records of the company, the company has not borrowed from financial institutions or banks or issued debentures during the year. Hence, in our opinion, the question of reporting on defaults in repayment of dues to financial institutions or banks or debenture does not arise.
- (12) The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (13) According to the information given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.

P. L. V.

- (14) No new term loan has been taken by the Company during the year.
- (15) According to the records examined, on an overall basis, funds raised on short term basis, have prima facie not been used during the year for long term investment.
- (16) In our opinion and according to the information and explanations given to us, the Company is not a dealer or trader in securities, and dealing and trading thereto is not their principal business. However, the Company has invested funds in marketable securities. According to the information and explanations given to us, proper records have been maintained of the transactions and contracts and timely entries have been made therein. All investments in marketable securities and mutual funds have been held by the Company in its own name.
- (17) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- (18) No debentures have been issued by the Company.
- (19) The Company has not raised any money by public issue, during the year.
- (20) According to the information received by us, no fraud on or by the Company, has been noticed or reported by the Company during the year.

Considering the nature of the present activities carried out, Clause (xx) of paragraph 4 of the Companies (Auditors' Report) Order, 2003 is not applicable to the Company.

For Natvarlal Vepari & Co.,
Chartered Accountants,

Surat,
Date: 1 2 AUG 2008


Partner.

RAVINDRA VEPARI
M. No. 6728


Partner.

OVERSEAS SYNTHETICS LIMITED, SURAT

ANNEXURE 'B' TO AUDITORS' REPORT YEAR ENDED: 31-3-2008.

- (1) The method of accounting for gratuity continues to be on cash basis, which is not in accordance with Revised AS-15 "Employee Benefits", issued by the ICAI.
- (2) Sundry debtors include debts which are doubtful of recovery, which are outstanding since a long time. However, the company has not considered making adequate provisions in this regard. Accordingly, loss for the year is understated by Rs. 11,05,738/-.
- (3) Balances of sundry debtors, sundry creditors, unsecured loans, loans and advances are subject to confirmation and reconciliation if any.
- (4) During the year company has not provided depreciation to the extent of Rs. 14,47,567 (Previous Year Rs. 11,52,745/-) in tune with the company policy of not providing depreciation on unused assets. As a result loss for the year is understated to that extent.
- (5) During the year under the review, the company has not determined and considered the impact of Deferred Taxation as specified in AS - 22, Accounting for Taxes on Income, issued by the ICAI.
- (6) No working has been produced before us for Impairment of Assets, in absence of which we are not in position to comment on impact of AS - 28, Impairment of Assets, issued by the ICAI.
- (7) The company has sold some portion of plant and machinery; however effect of profit/loss on sale of the same has not been recognized in the books of accounts.

Further, we report that for item numbers 1, 5, 6 & 7 above, in absence of availability of required details/ stipulations, effect of the same on the financial result could not be quantified.

For Natvarlal Vepari & Co.,
Chartered Accountants,

Surat, Date: 12 AUG 2008

Partner.

RAVINDRA VEPARI
M. No. 6728

[Signature]

OVERSEAS SYNTHETICS LTD.,

BALANCE SHEET AS ON 31ST MARCH, 2008.

	Sch	Current Year Rs.	Previous Year Rs.
SOURCES OF FUNDS			
Shareholder's Funds			
(a) Share capital	1	71,047,070	71,762,070
(b) Share Application Money		951,061	4,125,060
(c) Reserves and surplus	2	22,971,791	21,562,291
		94,969,922	97,449,421
Deferred Tax Liability		3,923,845	3,923,845
TOTAL....		98,893,767	101,373,266
APPLICATION OF FUNDS			
Fixed Assets	3		
Gross Block		24,733,320	39,675,043
Less: Depreciation		14,889,186	19,287,129
Net Block		9,844,134	20,387,914
Investments	4	739,100	1,536,300
Current assets, loans and advances	5		
(a) Sundry Debtors		1,215,266	344,262
(b) Cash and bank balances		245,656	243,294
(c) Loans and advances		1,033,830	658,970
		2,494,752	1,246,526
Less: Current liabilities and provisions	6		
(a) Current liabilities		5,513,942	12,434,026
(b) Provisions		6,500	8,000
		5,520,442	12,442,026
Profit & Loss Account		91,336,224	90,644,553
TOTAL....		98,893,767	101,373,267

Notes forming part of the accounts.

13

As per our report of even date.

For Natvarlal Vepari & Co.

Chartered Accountants.

Partner.

Surat, dt.

12 AUG 2008

For Overseas Synthetics Limited

For and on behalf of the Board,

For Overseas Synthetics Limited

Director.

Director.

For Partner.

OVERSEAS SYNTHETICS LTD.,

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008.

	Sch	Current Year Rs.	Previous Year Rs.
Income			
Domestic Sales		5,407,188	-
Other income	7	761,904	205,442
Profit on sale of fixed assets		995,993	677,242
TOTAL...		7,165,085	882,684
Expenditure			
Purchases & Expenses		5,156,898	-
Manufacturing and other expenses	8	93,493	156,775
Payment and benefits to employees	9	437,368	494,397
Administrative and other expenses	10	463,431	531,488
Selling and distribution expenses	11	3,486	3,880
Speculation Business Loss		187,564	-
Depreciation		64,486	445,131
Financial charges	12	12,298	4,909
TOTAL...		6,419,024	1,636,580
Net Loss for the year before taxation		746,061	(753,896)
Less : Provision for tax (FBT)		6,500	8,000
Net Profit/(Loss) for the year after taxation		739,561	(761,896)
Prior Period adjustments		2,463,068	3,815,224
		(1,723,507)	(4,577,120)
Extra Ordinary Items			
Unpaid Debenture Interest (Refer note 18 in Sch. 13)		250,000	-
Modvat Written off		781,836	-
		(691,671)	(4,577,120)
Balance brought forward		(90,644,553)	(86,067,433)
Balance carried to Balance sheet.		(91,336,224)	(90,644,553)
Basic & Diluted Earning Per Share on Equity		(0.10)	(0.64)
Share of Rs. 10/- each			
Weighted Average number of shares outstanding		6,981,103	7,176,207

Notes forming part of the accounts.

13

As per our report of even date.

For Natvarlal Vepari & Co.

Chartered Accountants.

Partner.

Surat, dt.

12 AUG 2008

For Overseas Synthetics Limited

For and on behalf of the Board,

For Overseas Synthetics Limited

Director.

Director.

For Partner.

OVERSEAS SYNTHETICS LTD.,

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS

	Sch	Rs.	Rs.
Share capital	1		
Authorised			
9,000,000 Equity shares of Rs.10 each		<u>90,000,000</u>	<u>90,000,000</u>
Issued, subscribed and paid-up			
7,321,207 Equity shares of Rs.10 each.		73,212,070	73,212,070
Less: Calls in arrears		-	1,450,000
Less: Share Forfeiture		2,165,000	-
TOTAL..		<u><u>71,047,070</u></u>	<u><u>71,762,070</u></u>

(Of the above shares, 3,471,207 Equity shares were allotted to the members of amalgamating companies pursuant to the scheme of amalgamation, for consideration other than cash)

Reserves and surplus	2		
Capital Reserves		1,082,500	-
(Refer note 17 in schedule 13)		<u>1,082,500</u>	<u>-</u>
General Reserve		641,320	641,320
Amalgamation Reserve			
Opening Balance		21,247,971	21,247,971
Less : Calls in arrears in respect of amalgamation		-	327,000
		<u>21,247,971</u>	<u>20,920,971</u>
TOTAL..		<u><u>22,971,791</u></u>	<u><u>21,562,291</u></u>

Investments	4		
Long Term Investments(Quoted)			
Trade Investments :			
Investment in Shares (Market Value Rs. 5,27,920)		737,800	-
Unquoted (Long Term Investments)			
Investment under the same management:			
i) 5330 Equity Shares of Rs.100/-			
each fully paid up in Ceepeem Eng.			
Co. (P) Ltd.		-	533,000
ii) Share Application Money in Overseas			
Securities & Finance (P) Ltd.		-	1,002,000

For Later.

OVERSEAS SYNTHETICS LIMITED

SCHEDULE - 4

FIXED ASSETS

Sl. No. ASSETS	GROSS BLOCK					DEPRECIATION				NET BLOCK	
	As at 01.04.2007 Rs.	Additions Rs.	Deductions Rs.	Adjustment (Refer Note below) Rs.	As on 31.03.2008 Rs.	As on 01.04.2007 Rs.	For the year Rs.	Adjust- ment Rs.	As on 31.03.2008 Rs.	As at 31.03.2008 Rs.	As at 31.03.2007 Rs.
1) LEASE HOLD LAND	1,052,239	-	1,052,239	-	-	-	-	-	-	-	1,052,239
2) BUILDINGS	12,476,173	1,052,239	9,620,332	248,200	3,659,880	4,597,925	59,656	3,467,654	1,189,927	2,469,953	7,878,248
3) RESIDENTIAL FLAT	419,587	-	-	-	419,587	102,593	3,615	-	106,208	313,379	316,994
4) PLANT & MACHINERY	24,135,854	-	3,939,575	-	20,196,279	13,245,473	-	76,563	13,168,910	7,027,369	10,890,381
5) FURNITURE & FIXTURES	389,752	-	389,752	-	-	335,564	-	335,564	-	-	54,188
6) OFFICE EQUIPMENTS	708,269	-	285,343	-	422,926	538,704	-	115,778	422,926	-	169,565
7) VEHICLES	493,169	-	493,169	-	-	466,870	-	466,870	-	-	26,299
8) Computer	-	34,648	-	-	34,648	-	1,215	-	1,215	33,433	-
TOTAL	39,675,043	1,086,887	15,780,410	248,200	24,733,320	19,287,129	64,486	4,462,429	14,889,186	9,844,134	20,387,914
PRE. YEAR	45,052,498	248,200	1,831,531	3,794,124	39,675,043	19,116,571	445,131	274,573	19,287,129	20,387,914	26,988,166

Note : Rs. 2,48,200/- shown as Adjustment pertains to effect of Prior Period

for data.

OVERSEAS SYNTHETICS LTD.,

Other Investment

2 Equity Shares of Rs.100/- each fully paid up in Parth Corporation (P) Ltd.	200	200
10 Equity Shares of Gujarat Industrial Co-op. Bank Ltd. of Rs.100 each fully paid up	1000	1,000
1 Equity shares of the Surat Peoples Co-op. Bank Ltd. of Rs.100 each fully paid up	100	100
TOTAL..	739,100	1,536,300

Current assets, loans and advances

5

Sundry Debtors

Outstanding for more than six months (Considered Doubtful)	1,051,738	344,262
Others	163,528	-
	1,215,266	344,262

Cash and bank balances

Cash on hand	1,067	2,524
Balances with Scheduled banks in Current accounts	15,351	20,206
Balances with Scheduled banks in Fixed deposit accounts	229,238	220,564
	245,656	243,294

Loans and advances

Deposits	376,025	381,525
Advance Income Tax	28,305	9,892
Advance to Staff	-	267,553
Rent Receivable	54,000	-
Other Receivable	575,500	-
	1,033,830	658,970

Current liabilities and provisions

6

Current liabilities

Sundry Creditors for Goods and expenses	4,120,884	12,414,364
Credit Balance with Bank due to Recociliation	537,581	-
Advance against sale of machinery	855,477	19,662
	5,513,942	12,434,026

Provisions

Provision for Fringe Benefit Tax	6,500	8,000
	6,500	8,000

Other income

7

Discount received	18,632	78
Rent income	642,750	192,200
Interest income	12,015	13,164
Dividend Income	15	-

OVERSEAS SYNTHETICS LTD.,

Short Term Capital Gain

88,492	-
<u>761,904</u>	<u>205,442</u>

Manufacturing and other expenses

8

Factory Expenses	18,295	40,386
Power & Fuel Expenses	68,510	77,217
Water Charge	5,710	16,122
Repairs and Maintenance	741	21,855
Freight & Octroi	237	1,195
	<u>93,493</u>	<u>156,775</u>

Payment and benefits to employees

9

Salaries and wages (Factory)	437,368	494,397
	<u>437,368</u>	<u>494,397</u>

Administrative and other expenses

10

Directors remuneration	120,000	120,000
Directors fees	685	-
Rent, Rates & Taxes	90,000	42,000
Vehicle Expense	47,404	49,214
Legal and Professional Charges	59,485	135,436
Membership Fee	27,000	11,000
Audit Fees	33,708	23,570
Travelling & Conveyance Expenses	2,225	10,778
Office Expenses	22,698	41,705
Telephone, Postage & Fax expense	51,712	73,481
Stationery and Printing Expenses	3,409	1,909
Computer Expenses	5,105	4,150
Other Expense	-	985
Modvat Balance Written off	-	17,260
	<u>463,431</u>	<u>531,488</u>

Selling and distribution expenses

11

Sales tax	3,486	-
Advertisement Expense	-	3,880
	<u>3,486</u>	<u>3,880</u>

Financial charges

12

Bank charges	12,298	4,909
	<u>12,298</u>	<u>4,909</u>

P. P. L. L.

OVERSEAS SYNTHETICS LIMITED, SURAT

Accounting year: 2007-2008

Notes forming part of the Accounts:

Schedule - 13

(1) Significant Accounting Policies:

Significant accounting policies adopted in the preparation and presentation of the accounts are as under:

(a) Basis of Accounting:

The financial statements are prepared under historical cost convention on an accrual basis except Gratuity, which is accounted on cash basis.

(b) Fixed Assets:

Fixed Assets are stated at cost of acquisition or construction, net of CENVAT available less accumulated depreciation. Cost comprises of the purchase price and any other attributable cost of bringing the assets to its working conditions for its intended use.

(c) Depreciation:

Depreciation on all depreciable fixed assets is provided under Straight Line Method as per rates specified in Schedule XIV to the Companies Act, 1956. Depreciation on addition or deduction is provided on pro-rata basis. No depreciation is provided on the unused assets.

(d) Investments:

Long Term Investments are stated at cost of acquisition.

(e) Inventories:

Company does not hold any Inventory during the year. However as per the policy of the company, inventories are valued applying FIFO method as under:

(i) Raw materials are valued at cost.

(ii) Finished Goods are valued at cost or net realisable value whichever is lower.

(f) Retirement Benefits:

Gratuity payable to employees is accounted as and when paid.

(g) Revenue Recognition:

As per policy of the company, Income from sales is being recognized net of discount etc. Job work income is recognized on completion of the work.

Income from Speculation business is recognized on the base of settlement of the contract. The unsettled contracts remaining at the year end have not been given effect to as per the requirements of the guidance note issued by ICAI in this regard.

P. L. L.

(h) Borrowing Cost:

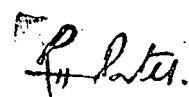
Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. Other borrowing costs are recognized as an expense in the period in which they are incurred.

(2) The company is contingently liable in respect of the following:

- (i) For guarantees given by the Banks on behalf of the Company Rs. 2,00,000/- (Pre. Year Rs. 2,00,000/-).
- (ii) Matters under dispute before various authorities under excise Rs. 11,21,262/- (Previous year Rs. 11,21,796/-).

(3) Payments to Auditors	Current Year	Pre. Year
(a) As Auditors:	33,708	23,570
(b) In any other matter:	--	--

- (4) Sundry debtors include debts considered doubtful.
- (5) No write-off has been made in respect of lease premium paid on leasehold land since the lease is granted for a long period.
- (6) Provision for taxation for the year under review has not been made in view of unabsorbed Current year Business loss forward from previous year(s)
- (7) Details of small-scale industrial undertaking creditors to whom a sum outstanding for more than 30 days are under compilation.
- (8) The Texturising Machineries of the company is non operational from September, 2004 & Rapier Looms is non operational from November, 2006. However the management is expecting to restart the production in a short span of time.
- (9) Company has not identified any asset, which has been impaired in terms of Accounting Standard 28 Issued by The Institute of Chartered Accountants of India as on 31st March, 2008.
- (10) The company has not deposited Rs. 511,584/- (P.Y. Rs. 511,584/-) of Provident Fund & Rs. 103,732/- (P.Y. Rs. 103,732/-) of Employee State Insurance dues pertaining to the previous years.
- (11) The company has identified two product segment viz 'Textile' and 'Speculation Business' as per Accounting Standard 17 "Segment Reporting" issued by the ICAI, and has not identified any geographical segment, where risks and returns are materially different. Segment wise details are as follows:



Particulars	Textiles	Shares	Unallocable	Total
<u>Revenue</u>				
Sales	5,407,188	3,195,711	-	8,602,899
Total Revenue	5,407,188	3,195,711	-	8,602,899
Bank Interest & Dividend	-	-	12,030	12,030
Profit from Sale of Assets	-	-	995,993	995,993
Other Income	-	-	749,873	749,873
	5,407,188	3,195,711	1,757,896	10,360,795
Operating Expenses	5,687,759	3,383,275	-	9,071,034
General Expenses	-	-	543,701	543,701
Net Profit /(Loss)	(280,571)	(187,564)	1,214,195	746,060
<u>Other Information</u>				
<u>Segment Assets</u>				
Fixed Assets	-	-	9,844,134	9,844,134
Investment	739,100	-	-	739,100
<u>Current Assets</u>				
Closing Debtors	1,051,738	163,528	-	1,215,266
Other Current Assets	1,279,486	-	-	1,279,486
Total Assets	3,070,324	163,528	9,844,134	13,077,985
<u>Segment Liabilities</u>				
Segment Liabilities	5,520,442	-	-	5,520,442

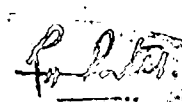
(12) Related party Disclosure as per AS – 18 issued by ICAI is as under:

1) Key Managerial Personnel:

- Mr. R. H. Patel - Managing Director
- Mr. M. M. Khatri - Nominee Director GLIC
- Mr. D. H. Patel - Director

2) Relatives of Key Managerial Personnel & their Enterprises, where transactions have taken place:

- Rohit Silk Mills (Prop. K. H. Patel (H.U.F.) - Brother of Director
- Kay Tee Fabrics (Prop. K. H. Patel) - Brother of Director
- Ram Fabrics (Prop. H. R. Patel (H.U.F.) - Father of Director
- Overseas Investment Corp. (Prop. H. R. Patel) - Father of Director
- Krupalu Fabrics (Prop. H. R. Patel) - Father of Director
- Overseas Textiles (Prop. M. H. Patel (H.U.F.) - Brother of Director
- Narendra Textile (Prop. Jankiben M. Patel) - Wife of Director's Brother
- Dinesh Textiles (Prop. Rekhaben D. Patel) - Wife of Director



	Nature of Transactions	Related In 1 above	Parties In 2 above
1	Director's Remuneration	1,20,000	-
2	Godown Rent	-	48,000
3	Office Rent	-	42,000

- (13) The company has not reduced deferred tax liability/ created deferred tax assets in respect of its brought forward losses & Depreciation under the tax law, because it is of the opinion that there is no virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets could be realized.
- (14) Additional information pursuant to the provisions of Paragraphs 3, 4B, 4C and 4D of Part II of the Schedule VI to the Companies Act, 1956.

Information pertaining to capacity, goods manufactured turnover, stock and raw materials consumed, etc.

i) <u>Product</u>	<u>Licenced Capacity</u>	<u>Installed Capacity</u>
(i) Grey cloth Pre. Year	230,000 Mtrs. 230,000 Mtrs.	230,000 Mtrs. 230,000 Mtrs.
(ii) Yarn Pre. Year	660 Tonnes 660 Tonnes	960 Tonnes 960 Tonnes

Note: 1. Installed capacity being a technical matter is as certified by the director on which Auditors have placed reliance.

- j) No Raw Material was consumed either in the current year or previous year; hence there was no production and sales of finished product in the related period. Accordingly, furnishing of information relating thereto would not be applicable.

k) Trading Details :Yarn

(Rs.In Lacs)

	<u>Current Year</u>		<u>Previous Year</u>	
	<u>Kgs.</u>	<u>Rs.</u>	<u>Kgs.</u>	<u>Rs.</u>
Opening stock	--	--	--	--
Purchases	66,266.27	51.57		
Sales	66,266.27	54.07	--	--
Closing Stock	--	--	--	--

Note : Purchase and Sales is shown net of VAT amount.

- l) Value of Imports calculated on CIF Basis Rs. Nil (Pre. Year Rs. Nil).

m) Earnings in Foreign Exchange:

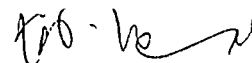
<u>Current Year</u>	<u>Previous Year</u>
---------------------	----------------------

R. P. M.

- | | | | |
|--|-----------------------------------|-----|-----|
| | FOB value of goods exported | Nil | Nil |
| | o) Remittance in Foreign Currency | Nil | Nil |
| | p) Remittance in Foreign Currency | Nil | Nil |
- (15) Previous year figures have been recast and regrouped wherever necessary to make them comparable with the figures of the current year.
- (16) The Company has accepted contribution from promoters in form of unsecured loans amounting to Rs.41.25 lacs in earlier year(s), which were converted in to Share Application Money in the previous year, following decision of the Board of Directors. During the year the Company has repaid Rs. 31.74 lacs out of such Share Application Money and remaining amount of Rs. 9.51 lacs are reflected as such as Share Application Money, pending allotment.
- (17) During the year company has forfeited 2,16,500 shares after issuing notice as per the requirement of the Companies Act, 1956 and Articles of Association of the Company. Profit on such forfeiture, being capital in nature, has been credited to Capital Reserve account.
- (18) The Company has disposed of the liability in the nature of outstanding debenture interest in the earlier years. However effect of the same has been provided in of accounts in current year.
- (19) Information required in terms of Part IV of Schedule VI to the Companies Act, 1956 is attached.

Signature to Schedules "1" to "16"

**For NATVARLAL VEPARI & CO.,
CHARTERED ACCOUNTANTS,**



PARTNER

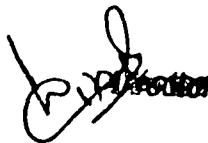
PLACE: SURAT,

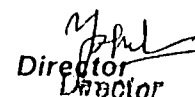
DATE:

12 AUG 2008

For and on behalf of the Board,

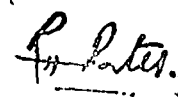
For Overseas Synthetics Limited For Overseas Synthetics Limited




Director

PLACE: SURAT,

DATE: 12 AUG 2008



Overseas Synthetics Ltd.,

Accounting year: 2007-2008

Annexure 'A' to the Notes to Accounts

I. REGISTRATION DETAILS :

Registration No.

1 7 3 1 6

State Code:

0 4

Balance sheet date:-

3 1 0 3 2 0 0 8

II. CAPITAL RAISED DURING THE YEAR

(Rs. in 000's)

Public Issue

0 0 0 0 0 0 0

Right Issue

0 0 0 0 0 0 0

Bonus Issue

0 0 0 0 0 0 0

Private Placement

0 0 0 0 0 0 0

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS:

(Rs. in 000's)

Total Liabilities

1 0 4 4 1 4

Total Assets

1 3 0 7 8

Sources of Funds:

Paid-up Capital

7 1 0 4 7

Reserve & Surplus

2 2 0 7 2

Share Application Money

9 5 1

Deferred Tax Liability

3 9 2 4

Secured Loans

N I L

Unsecured Loans

N I L

Application of Funds:

Net Fixed Assets

9 8 4 4

Investments

7 3 9

Net Current Assets

3 0 2 6

Misc. Expenditure

N I L

Accumulated Losses

N I L

Deferred Tax Asset

3 9 2 4

IV. PERFORMANCE OF COMPANY:

(Rs. in 000's)

Turnover

5 4 0 7

Total Expenditure

6 4 1 9

- / +
+ -

Profit/Loss before Tax

7 4 6

- / +
- -

Profit/Loss after tax

6 9 2

(Please tick appropriate box + for Profit - for Loss)

- / +
- -

Earning per Share in Rs.

0 1 0

Dividend rate %

N I L

**V. GENERIC NAMES OF TWO PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY
OF COMPANY:**

(as per monetary terms)

Item Code No.:(ITC Code)

5 4 0 8

Product Description:

F A B R I C O F S Y N T H E T I C
F I L A M E N T Y A R N

Item Code No.:(ITC Code)

5 4 0 2

Product Description:

S Y N T H E T I C
F I L A M E N T Y A R N

Signature to Annexure "A"

As per our report of even date.

By order of the Board,

For Overseas Synthetics Limited

For Overseas Synthetics Limited

For Navvart Vepari & Co.,

Chartered Accountants.

Partner,

Surat, Dt.

1 2 AUG 2008

(Director/Wholetime Director)

Surat, Dt.

1 2 AUG 2008

For Later.

OVERSEAS SYNTHETICS LIMITED, SURAT.
Cash Flow Statement for the year ended 31st March, 2008

	31.03.2008	31.03.2007 Rs.
(A) Cash Flow from Operating Activities:		
Net profit/(loss) before tax and Extraordinary items:	739,560	(761,895)
Adjusted for:		
- Extra ordinary items	1,031,836	-
+ Depreciation	64,486	445,131
- Profit on Sale of Assets	(995,993)	(677,242)
Preliminary Expenses written off	-	-
Operating Profit before Working Capital Changes	839,888	(994,006)
Adjusted for:		
(Increase)/Decrease in Inventories	-	-
(Increase)/Decrease in Trade and Other Receivables	(871,004)	495,552
(Increase)/Decrease in Loans and Advances	(374,860)	101,969
Increase/(Decrease) in Trade Payables & other liabilities	(6,921,584)	(1,545,269)
Cash Generated from Operations before prior period item	(7,327,560)	(1,941,754)
Prior Period Items (Net)	(2,463,069)	(21,100)
Net Cash Generated from Operations	(9,790,629)	(1,962,854)
(B) Cash Flow from Investing Activities:		
Sale of Fixed assets	10,513,946	1,308,758
Purchase of Fixed Assets	(34,649)	-
Sale of Investment	797,200	-
Profit on Sale of Assets	995,993	677,242
Net Cash Generated from Investing Activities	12,272,490	1,986,000
(C) Cash Flow from Financing Activities:		
Increase in share capital	(715,000)	-
Share Application Money Returned	(3,173,999)	-
Amalgamation Reserve adjusted	327,000	-
Amount Realised on share forfeiture	1,082,500	-
Interest paid	-	-
Intercompany Deposits	-	-
Repayment of Secured borrowings	-	-
NET CASH USED IN FINANCING ACTIVITIES	(2,479,499)	-
Net (Decrease)/Increase in Cash and Cash Equivalents	2,362	23,146
Cash and Cash Equivalents as at 1st April, 2007	243,294	220,148
Cash and Cash Equivalents as at 31st March, 2008	245,656	243,294

For and on behalf of Board of Directors

For Overseas Synthetics Limited

For Overseas Synthetics Limited

Surat,
Date: 1 2 AUG 2008

DIRECTOR.
AUDITORS' REPORT

M. Shil
Director

WE have audited the above Cash Flow Statement of OVERSEAS SYNTHETICS LTD. derived from audited financial statements and the books and records maintained by the Company for the year ended 31st MARCH, 2008 and found the same in agreement therewith.

FOR NATVARLAL VEFARI & CO.,
Chartered Accountants

[Signature]

Partner.

Place: Surat
Surat, 1 2 AUG 2008

[Signature]