

(2009-10)

**EIGHTEENTH
ANNUAL
REPORT**

OVERSEAS SYNTHETICS LIMITED

18TH ANNUAL GENERAL MEETING

On Thursday, the 30th day of September, 2010
at 1st floor, Jariwala Compound, Vasta Devdi Road, Katargam
Surat - 395 004 at 11.00 a.m.

BOARD OF DIRECTORS

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

AUDITORS

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

BANKERS

State Bank of India
Begampura
SURAT - 395 003

Shareholders are requested to bring their copy of the Annual Report along with them at the meeting as copies of the Report will not be distributed at the meeting.



CERTIFIED TRUE COPY

NOTICE is hereby given that 18th Annual General Meeting of members of the Company will be held as scheduled below.

Date : 30th September, 2010
Day : Thursday
Time : 11.00 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, 2010, the audited Profit and Loss account for the year ended on 31st March, 2010 together with the Directors' and the Auditors' Report thereon.
2. To appoint a director in place of Shri Dinkar 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.

Place: Surat
Date: 07/08/2010

By Order of the Board
for OVERSEAS SYNTHETICS LIMITED



Sd/-
Rohit H. Patel
Managing. Director

NOTE

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE. A PROXY NEED NOT BE A MEMBER. A PROXY FORM TO BE EFFECTIVE MUST BE LODGED WITH THE COMPANY AT ITS REGISTERED OFFICE NOT LESS THAN 48 HOURS PRIOR TO MEETING.
2. The Shareholders are requested to notify change in their address immediately to the company.
3. The Shareholders desiring any information on accounts are requested to write to the attention of Managing Director so as to reach the Company on or before 28/09/2010.



DIRECTORS' REPORT

Your director's present 18th Annual Report and Audited Accounts for the year ended 31st March, 2010 together with the reports of the Auditors and Directors thereon.

FINANCIAL RESULTS

PARTICULARS	(Rs. in lakhs)	
	2009-10	2008-09
Sales and Other Income	13.54	19.60
Expenditure	10.02	82.33
Profit/(Loss) before depreciation	3.52	(62.73)
Provision for tax	Nil	0.08
Provision for deferred tax	Nil	Nil
Prior period adjustments	0.24	4.00
Profit/(Loss) after tax	(3.76)	(66.80)
Add: Balance brought forward from previous year.	(980.16)	(913.36)
Balance carried to Balance Sheet	(976.40)	(980.16)

OPERATIONS

During the year under review, your company has posted income of Rs.13.54 lakhs as against Rs.19.60 lakhs in the corresponding previous year. Your company has posted net profit of Rs. 3.52 lakhs in the current year as compared to loss of Rs. 62.73 in the corresponding previous year which was mainly due to loss on account of sale of fixed assets.

Your Company has now concentrated on trading activities in the current year. However, your directors have chalked out a strategy to directly import other goods including yarn and textile goods from cheap sources such as China and Korea. This would lead to some profitable business.

DIRECTORS

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

EXPLANATIONS ON THE REMARKS/OBSERVATIONS OF AUDITORS

For the observations/qualifications made by the auditors, your directors submit their explanations as under:

1. As per the consistent practice followed by the company, the gratuity continued to be accounted for on cash basis. It is observed by the management that most of the employees do not put in qualifying services for gratuity hence the same could not be provided for.
2. Normally sundry debtors and creditors do not follow the practice of any confirmation of their dues and balances.
3. As explained, the depreciation of Rs. 1054 not charged to the Profit & Loss Account is in conformity with the policy of the company as no manufacturing activities are undertaken by the company during the year under review.
4. 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.
5. For the impairment of assets no provision is made as during the year some part of the assets were disposed off and treated accordingly in the current year's accounts, reflecting a true and fair view, this year, as per AS 28.



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6. Since the plants were not put to use since 2002 onwards, no depreciation was provided for and same was with the residential flats.
7. The company is investing its liquid assets in stock market securities and investing activities in view of improved stock market conditions in our country does not call for any further provision as diminution is not likely.

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, 2010 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.



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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.

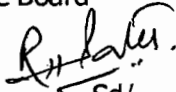
ACKNOWLEDGEMENTS

Your Directors place on record their appreciation of the contribution made by all concerned including its employees.

On behalf of the Board

DATE: 07/08/2010
PLACE: SURAT

Sd/-
Mayur V Shah
DIRECTOR


Sd/-
Rohit H. Patel
MG.DIRECTOR



Corporate governance

Board of Directors

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

Category	Name of the Director
Promoter/Managing Director	Rohit H Patel
Promoter/Non-executive Director	Dinkar H Patel
Independent director	Mayur V. Shah

Number of Board Meetings held during the year

6 meetings of the Board of directors as against four minimum were held during the financial year. The dates on which held were: 30/04/2009, 31/07/2009, 03/08/2009, 17/10/2009, 31/01/2010 and 30/03/2010. None of the directors of the company was a member of more than 10 committee nor was the chairman of more than five committees across all the companies in which he was a director.

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

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

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

Board Committees

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

Details of Remuneration paid to the directors

None of the Directors was paid salary during the financial year under review. A sum of Rs.1000/- 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
2006-2007	1 st Floor, Jariwala Compound, Vasta Devdi Road, Katargam, SURAT-395004	29/09/2007	09.30 A.M.
2007-2008	1 st Floor, Jariwala Compound, Vasta Devdi Road, Katargam, SURAT-395004	29/09/2008	09.30 A.M.
2008-2009	1 st Floor, Jariwala Compound, Vasta Devdi Road, Katargam, SURAT-395004	30/09/2009	09.30 A.M.

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Disclosure on materially significant related party transactions

Details are as per Note No. 14 – Notes to Accounts attached to the financial statements.

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

No penalty was imposed on the company by Stock Exchange or SEBI or any other statutory authority on any matter related to the capital market.

Means of Communication

Half yearly un-audited results

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

Quarterly Results

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

General Shareholder Information

Annual general meeting for the financial year 2010 is proposed to be held on Thursday, the 30th September 2010 at 1st floor, Jariwala Compound, Vasta Devdi Road, Katargam, Surat-395004 at 11.00 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 rd 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 31/03/2010

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



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MANAGEMENT DISCUSSION AND ANALYSIS

Disclaimer on forward looking statements

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

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

Financial Review

During the year under review, gross amount of turnover and other income taken together decreased from Rs. 19.60 lakhs to Rs.13.54 lakhs due to decrease in income from other sources. As informed in past directors' report, your company has closed down most of its operative departments four-five 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.

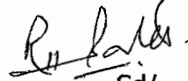
Manpower and Human Relations

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


Sd/-

ROHIT H PATEL
MG.DIRECTOR

Sd/-

MAYUR V SHAH
DIRECTOR

DATE: 07/08/2010
PLACE: SURAT



NATVARLAL VEPARI & CO.

Chartered Accountants

PAN : AADFN5448E

1st Floor, River Palace-II, Near Navdi Ovara, Nanpura, Surat 395 001. | www.vepari.com
Tel. : +91 261 305 7777, 246 5585 | Fax : +91 261 399 5511 | 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, 2010, 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, as amended by the Companies (Auditor's Report) (Amended) Order, 2004 (together the "Order"), issued by the Department of Company Law Affairs in terms of sub-section (4A) of section 227 of the Companies Act, , 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;



NATVARLAL VEPARI & CO.

Chartered Accountants

PAN: AADFN5448E

1st Floor, River Palace-II, Near Navdi Ovara, Nanpura, Surat 395 001. | www.vepari.com
Tel. : +91 261 305 7777, 246 5585 | Fax : +91 261 399 5511 | E-mail : vepari@youtele.com

- (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, 2010.
 - II. In the case of the Profit and Loss account of the **Profit** 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, 2010 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,
Firm Registration No. 123626W

Partner.

RAVINDRA VEPARI
M. No. 672R

Surat, Date:

7 AUG 2010

OVERSEAS SYNTHETICS LIMITED, SURAT

ANNEXURE 'A' TO AUDITORS' REPORT YEAR ENDED: 31-3-2010.

- (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 has 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 clauses (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 clauses (e), (f) & (g) of clause (iii) 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 noticed.

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- (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 and therefore sub-clause (b) of clause (5) of this statement is not applicable to the company.
- (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 to the company.
- (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, 2010.

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	--

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- (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.	Central Excise Duty	339,426/-	02.02.1998	High Court

- (10) ***The Company has accumulated losses at the end of the financial year which are exceeding fifty percent of its net worth. The company has not incurred cash losses during the current year. It has incurred cash losses during in the immediately preceding financial year.***
- (11) According to records of the company, the company has neither borrowed from financial institutions or banks nor issued debentures. 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 any loans or advances on the basis of security by way of pledge of shares, debentures or any 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.
- (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 for financing long term investments.
- (16) 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, in our opinion the Company has dealt into 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,
Firm Registration No. 123626W*

Partner.

**Surat,
Date:**

7 AUG 2010

OVERSEAS SYNTHETICS LIMITED, SURAT

ANNEXURE 'B' TO AUDITORS' REPORT YEAR ENDED: 31-3-2010.

- (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) *Balances of sundry debtors, sundry creditors, unsecured loans, loans and advances are subject to confirmation and reconciliation if any.*
- (3) *During the year company has not provided depreciation to the extent of Rs. 1,054/- in tune with the company's policy of not providing depreciation on unused assets in the preceding years. As a result profit for the year is overstated to that extent. Also, the company has disposed of part of such unused assets during the current year*
- (4) *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.*
- (5) *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.*
- (6) *The company had sold residential quarters in the current year 2009-10 and all of the plant and machineries in the accounting year 2008-09; the company had not provided depreciation on some portion of such assets in earlier years which is not quantifiable. Hence effect of profit/loss on sale of such assets recognized in the books of accounts does not reflect the actual profit/loss.*
- (7) *The company has not made provision to recognize diminution in the value of investments amounting to Rs.0.66 Lacs, which is contrary to the accounting practice recommended in Accounting Standard-13 issued by the Institute of Chartered Accountants of India. Consequently, Net worth is overstated to that extent.*

Further, we report that for item numbers 1, 5, & 6 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
Firm Registration No. 123626W

Partner.

RAVINDRA VEPARI
M. No. 6728

Surat, Date:

7 AUG 2010

OVERSEAS SYNTHETICS LTD.,

BALANCE SHEET AS ON 31ST MARCH, 2010.

	Sch	Current Year Rs.	Previous Year Rs.
SOURCES OF FUNDS			
Shareholder's Funds			
(a) Share capital	1	71,047,070	71,047,070
(b) Share Application Money		922,061	951,061
(c) Reserves and surplus	2	<u>22,971,791</u>	<u>22,971,791</u>
		94,940,922	94,969,922
Loan Funds			
Unsecured loans	3	56,550	57,630
Deferred Tax Liability			
(Refer Note 11 of Schedule 12)		3,923,845	3,923,845
TOTAL...		<u>98,921,317</u>	<u>98,951,397</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	4	3,916,331	3,961,524
Less: Depreciation		<u>1,397,797</u>	<u>1,332,962</u>
Net Block		2,518,534	2,628,562
Investments			
	5	669,652	655,198
Current assets, loans and advances			
(a) Sundry Debtors	6	-	1,719,224
(b) Cash and bank balances		433,951	46,035
(c) Loans and advances		<u>445,306</u>	<u>439,748</u>
		879,257	2,205,007
Less: Current liabilities and provisions			
(a) Current liabilities	7	2,771,686	4,538,922
(b) Provisions		<u>14,571</u>	<u>14,571</u>
		2,786,257	4,553,493
Net Current Assets		(1,907,000)	(2,348,486)
Profit & Loss Account			
		97,640,131	98,016,123
TOTAL....		<u>98,921,317</u>	<u>98,951,397</u>

Notes forming part of the accounts.

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As per our report of even date.

For Natvarlal Vepari & Co.

Chartered Accountants

Firm Reg. No.

123626W

Partner.

Surat, dt.

For and on behalf of the Board,

FOR OVERSEAS SYNTHETICS LTD.

FOR OVERSEAS SYNTHETICS LTD.

Mphesh
DIRECTOR

Director.

Director.

R. H. Patel
DIRECTOR

OVERSEAS SYNTHETICS LTD.,

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010.

	Sch	Current Year Rs.	Previous Year Rs.
Income			
Domestic Sales		132,054	1,173,615
Other income	8	836,214	786,238
Profit on sale of fixed assets		167,102	-
Non-Speculative Short Term Gain		212,099	-
Speculative Short Term Gain		6,664	-
TOTAL...		1,354,133	1,959,853
Expenditure			
Purchases & Expenses		130,872	973,371
Administrative and other expenses	9	694,204	800,708
Selling and distribution expenses	10	1,524	7,847
Depreciation		77,130	77,130
Financial charges	11	1,333	1,630
Speculative Short-Term Losses		13,490	44,585
Non-Speculative Short-Term Losses		207	154,307
Non-Speculative Long-Term Losses		83431	-
Loss on Sale of Fixed Assets		-	6,172,942
TOTAL...		1,002,191	8,232,520
Net Profit/(Loss) for the year before taxation and prior period items		351,942	(6,272,667)
Less : Provision for tax		-	8,000
Less : Provision for Deferred Tax		-	-
Net Profit/(Loss) for the year after taxation		351,942	(6,280,667)
Prior Period Income		24,050	399,161
Less : Short provision of tax in earlier years		-	71
Net Profit/(Loss)		375,992	(6,679,899)
Balance brought forward		(98,016,123)	91,336,224
Balance carried to Balance sheet.		(97,640,131)	(98,016,123)
<i>Basic & Diluted Earning Per Share on Equity</i>		0.05	-0.94
<i>Share of Rs. 10/- each</i>			
<i>Weighted Average Number of Shares Outstanding</i>		7104707	7104707

Notes forming part of the accounts.

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As per our report of even date.

For and on behalf of the Board,

For Natvarlal Vepari & Co. FOR OVERSEAS SYNTHETICS LTD.

FOR OVERSEAS SYNTHETICS LTD.

Chartered Accountants.

Firm Reg. No.

123626W

Partner.


DIRECTOR

Director.


DIRECTOR

Surat, dt.

7 AUG 2010

OVERSEAS SYNTHETICS LTD.,

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS

	Sch	Rs.	Rs.
Share capital			
Authorised			
9,000,000(Previous Year 9,000,000) Equity Shares of Rs. 10 each.	1	<u>90,000,000</u>	<u>90,000,000</u>
Issued, subscribed and paid-up			
7,104,707(Previous Year 7,104,707) Equity Shares of Rs. 10 each.		71,047,070	71,047,070
(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).			
		<u>71,047,070</u>	<u>71,047,070</u>
Reserves and surplus			
	2		
Capital Reserves		1,082,500	1,082,500
General Reserve		641,320	641,320
Amalgamation Reserve		21,247,971	21,247,971
		<u>22,971,791</u>	<u>22,971,791</u>
Unsecured loans			
	3		
From Director		56,550	57,630
		<u>56,550</u>	<u>57,630</u>
Investments			
	5		
Long Term Investments(Quoted)			
Aggregate Market Value Rs. 6,02,764/-* (Pre. Yr. 2,90,506/-)			
Trade Investments :			
0(5925) Shares of Ashok Leyland		-	141363
20 (0) Shares of State Bank of India		40,409	-
800 (0) Shares of Steel Cast Ltd.		76,034	-
50 (0) Shares of Votamp Tran		49,176	-
700 (0) Shares of Reliance Communication Ltd.		115,787	-
80 (0) Shares of Reliance Industries Ltd.		80,995	-
400 (100) Shares of Reliance Natural Resources		34,017	17,173
2000 (2000) Shares of Harig Cranks		9,980	9,980
700 (1600) Shares of Infra D. Fin		103,491	276,304
2000 (0) Shares of K. Sera Sera		25,600	-
3800 (7000) Shares of Tele Data		70,353	129,598
1000 (0) Shares of Advance Technology		2,900	-
600 (800) Shares of Petronet		59,610	79,480

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Overseas Synthetics Ltd.,

SCHEDULE : 4- FIXED ASSETS.

Sr. No.	DESCRIPTION	GROSS BLOCK			DEPRECIATION			NET BLOCK	
		As On 01.04.2009 Rs.	Addition During the Year Rs.	Adjustment Rs.	As On 31.03.2010 Rs.	For the Year Rs.	Adjustment Rs.	As on 31.03.2010 Rs.	As on 31.03.2009 Rs.
1	COMPUTER	34,648	-	-	34,648	13,859	-	28,933	19,574
2	BUILDING	3,659,880	-	-	3,659,880	59,656	-	1,309,239	2,410,297
3	Residential Quarters	266996	-	45193	221,803	3615	12295	59,625	198,691
	TOTAL...	3,961,524	0	45,193	3,916,331	77,130	12,295	1,397,797	2,628,562
	Previous Year...	24,310,394	-	20,348,870	3,961,524	77,130	13,210,428	1,332,962	9,844,134

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OVERSEAS SYNTHETICS LTD.,

* Carrying amount of investments in shares of Harig Cranks has been taken Market Value in the absence of availability of market value.

Other Investment

Gujarat Industrial Co-op Bank Ltd. 10 (10) Equity Shares of Rs. 100/- each fully paid up.	1,000	1,000
Surat Peoples Co-op Bank Ltd. 10 (10) Equity Shares of Rs. 10/- each fully paid up.	100	100
Parth Corporation 2 (2) Equity Shares of Rs. 100/- each fully paid up.	200	200
TOTAL..	669,652	655,198

Current assets, loans and advances

Sundry Debtors

Outstanding for more than six months	-	677,787
Other-Debtors	-	1,041,437
	-	1,719,224

Cash and bank balances

Cash on hand	2,702	3,559
Balances with Scheduled banks in Current accounts	431,249	42,476
	433,951	46,035

Loans and advances

Advances (recoverable in cash or in kind or for value to be received)	34,920	9,000
Deposits	311,607	292,268
Prepaid Expenses	825	-
Advance Income Tax	13,152	15,872
Rent Receivable	67,500	67,500
Other Receivable	699	48,537
Advance Fringe Benefit Tax	16,603	6,571
	445,306	439,748

Current liabilities and provisions

Current liabilities

Sundry Creditors for Goods and expenses	2,771,686	4,474,980
Credit Balance with Bank due to Recconciliation	-	53,930
VAT Payable	-	10,012
	2,771,686	4,538,922

Provisions

Provision for Fringe Benefit Tax	14,571	14,571
	14,571	14,571

Other income

Rent income	810,000	783,000
Interest income	19,339	238
Dividend income	6,875	3,000
	836,214	786,238

OVERSEAS SYNTHETICS LTD.,

Administrative and other expenses	9		
Director Expenses		-	1,000
Rent, Rates & Taxes		90,000	90,000
Vehicle Expense		85,951	87,201
Electricity Expense		41,350	53,270
Legal and Professional Charges		81,519	39,101
Membership Fee		-	23,644
Audit Fees		22,060	44,944
Travelling & Conveyance Expenses		7,928	-
Repairs and Maintenance		-	1,846
Office Expenses		6,802	9,548
Misc. expenses		-	12,461
Salaries & Bonus		306,125	385,150
Telephone, Postage & Fax expense		45,047	45,627
Stationery and Printing Expenses		1,282	4,116
Computer Expenses		2,175	2,800
Share Trading Expense		3,965	-
		<u>694,204</u>	<u>800,708</u>
Selling and distribution expenses	10		
Sales tax		-	3,853
Vatav Kasar		1,524	3,994
		<u>1,524</u>	<u>7,847</u>
Financial charges	11		
Bank charges		715	1,630
Demat Charges		618	-
		<u>1,333</u>	<u>1,630</u>

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OVERSEAS SYNTHETICS LIMITED, SURAT

Accounting year: 2009-2010

Notes forming part of the Accounts:

Schedule - 12

(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:

i. Short term Employee Benefits:

All employee benefits falling due within twelve months of rendering the service are classified as short term employee benefits. The benefits like salaries, wages, bonus, leave salary ex-gratia are recognized in the period in which employee renders the related services.

ii. Defined Contribution Plans:

Contributions to Defined Contribution Plans are recognized as expense in the Profit and Loss Account, as they are incurred.

iii. Defined Benefit Plans:

Gratuity is accounted by the entity as and when paid.

(g) Revenue Recognition:

As per policy of the company, Income from sales is being recognized net of discount etc.

Income from Speculation business related to derivatives instruments are recognized on mark-to-market basis.

Income from speculative business resulting from intraday transactions are recognized based on the outcome of those transactions.

(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. 11,21,262/-).

(3)	Payments to Auditors	Current Year	Pre. Year
	(a) As Auditors:	22,060/-	44,944/-
	(b) In any other matter:	--	--

(4) Sundry debtors include debts considered doubtful.

(5) Provision for taxation for the year under review has not been made in view of current year's loss as well as brought forward unabsorbed Business losses from previous year(s).

(6) Details of small-scale industrial undertaking creditors to whom a sum outstanding for more than 30 days are under compilation.

(7) 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, 2009.

(8) Management has determined that there were no balances outstanding as at the beginning of the year and no transactions entered with Micro, Small and Medium Enterprises as defined under Micro, Small and Medium Enterprises Development



Act, 2006, during the current year, based on the information available with the Company as at March 31, 2010 and March 31, 2009.

- (9) 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 earlier years.
- (10) 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	Accounting Year 2009-10				Accounting Year 2008-09			
	Textiles	Shares	Un allocable	Total	Textiles	Shares	Un allocable	Total
Sales	132,054	16,19,796	-	17,51,850	1,173,615	31,201,747	-	32,375,362
Operating Expenses	478347	1,484,761	-	19,63,108	1,411,791	31,246,332	-	32,658,123
Operating Profit/(Loss)	(346,293)	135,035	-	(211,258)	(238,176)	(44,585)	-	(282,761)
Profit On Sale of Fixed Assets	-	-	167,102	167,102	-	-	-	-
Other Income	-	-	860,264	860,264	-	-	786,238	786,238
Expenses	-	-	1,027,366	1,027,366	-	-	786,238	786,238
General Expenses	-	-	422,751	422,751	-	-	455,466	455,466
Loss on Sale of Fixed Asset	-	-	-	-	-	-	6,172,942	6,172,942
Share Trading Expenses	-	3,965	-	3,965	-	-	-	-
Loss from trading in Derivatives	-	13,400	-	13,400	-	-	-	-
Short Term Capital Loss	-	-	-	-	-	-	154,307	154,307
	-	17,365	422,751	440,116	-	-	6,782,715	6,782,715
Net Profit /(Loss)	(346,293)	117,670	604,615	375,992	(238,176)	(44,585)	(5,996,477)	(6,279,238)
<u>Other Information</u>								
<u>Segment Assets</u>								
Fixed Assets	-	-	2,518,534	2,518,534	-	-	2,628,562	2,628,562
Investment	-	-	669,652	669,652	-	655,198	-	655,198
<u>Current Assets</u>								
Debtors	-	-	-	-	1,719,224	48,537	-	1,767,761
Other Current Assets	-	-	879,257	879,257	430,674	-	-	430,674
Total Assets	-	-	4,067,443	4,067,443	2,149,898	703,735	2,628,562	5,482,195
<u>Segment Liabilities</u>								
Segment Liabilities	-	-	2,786,669	2,786,669	4,553,422	-	-	4,553,422

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Note :The sale & Operating expenses in respect of shares segment represents the value of transactions of speculative nature and the same does not fall within the part of 'Turnover' and hence not reflected in the profit & loss account. They are taken in the above table only for the purpose of segment information.

(11) Related party Disclosure as per AS – 18 issued by ICAI is as under.

1) Key Managerial Personnel:

- a) Mr. Rohit. H. Patel - Managing Director
- b) Mr. Mayur. V. Shah - Director
- c) Mr. Dinkarbhai. H. Patel - Director

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

- a) Rohit Silk Mills (Prop. K. H. Patel (H.U.F.) - Brother of Director
- b) Kay Tee Fabrics (Prop. K. H. Patel) - Brother of Director
- c) Ram Fabrics (Prop. H. R. Patel (H.U.F.) - Father of Director
- d) Geetaben R. Patel - Wife of Managing Director
- e) Krupalu Fabrics (Prop. H. R. Patel) - Father of Director
- f) Overseas Textiles (Prop. M. H. Patel (H.U.F.) - Brother of Director
- g) Narendra Textile (Prop. Jankiben M. Patel) - Wife of Director's Brother
- h) Dinesh Textiles (Prop. Rekhaben D. Patel) - Wife of Director

Sr. No.	Nature of Transactions	Related In 1 above	Parties In 2 above
1	Godown Rent	-	48,000
2	Office Rent	-	42,000
3	Advances Given during the year	-	36,000
	Closing balance as at 31 st march, 2010		34,920 cr.

(12) The company has not reduced deferred tax liability / created deferred tax assets in respect of its brought forward losses & unabsorbed depreciation under the tax law, because the management 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 absorbed.

(13) 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) Product	<u>Licenced Capacity</u>	<u>Installed Capacity</u>
1. Grey cloth		
Curr. Year	230,000 Mtrs.	Nil*
Pre. Year	230,000 Mtrs.	Nil*
2. Yarn		
Curr. Year	660 Tonnes	Nil*
Pre. Year	660 Tonnes	Nil*

* All the machineries related to productions have been sold.

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)

	Current Year		Previous Year	
	Kgs.	Rs.	Kgs.	Rs.
Opening stock	--	--	--	--
Purchases	1,243.56	1.31	12,356.00	9.73
Sales	1,243.56	1.32	12,356.00	11.73
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).

	<u>Current Year</u>	<u>Previous Year</u>
m) Earnings in Foreign Exchange:		
FOB value of goods exported	Nil	Nil
o) Remittance in Foreign Currency	Nil	Nil
p) Remittance in Foreign Currency	Nil	Nil

- (14) Previous year figures have been recast and regrouped wherever necessary to make them comparable with the figures of the current year.
- (15) Share Application Money of Rs. 9.22 Lacs (Pre. Year 9.22 Lacs) represents amount taken from promoters pending allotment of shares.
- (16) Information required in terms of Part IV of Schedule VI to the Companies Act, 1956 is attached.

Signature to Schedules "1" to "12"

For Natvarlal Vepari & Co.,
Chartered Accountants,
Firm Registration No. 123626W

Partner

Place: Surat,

Date: **7 AUG 2010**
FOR OVERSEAS SYNTHETICS LTD.

Place: Surat,

Date: **7 AUG 2010**

DIRECTOR
 Director

For and on behalf of the Board,
FOR OVERSEAS SYNTHETICS LTD.

Director


DIRECTOR

OVERSEAS SYNTHETICS LIMITED, SURAT.
Cash Flow Statement for the year ended 31st March, 2010

	31.03.2010	31.03.2009
(A) Cash Flow from Operating Activities:		
Net profit/(loss) before tax and Extraordinary items:	375,992	(6,272,667)
Adjusted for:		
- Extra ordinary items	-	-
+ Depreciation	77,130	77,130
+ Loss on sale of Investment	97,128	154,307
- Profitable of Investment	(218,763)	-
+ Loss on sale of Fixed Assets	-	6,172,942
- Profit on Sale of Assets	(167,102)	-
Preliminary Expenses written off	-	-
Operating Profit before Working Capital Changes	<u>164,385</u>	<u>131,712</u>
Adjusted for:		
(Increase)/Decrease in Inventories	-	-
(Increase)/Decrease in Trade and Other Receivables	1,719,224.00	-
(Increase)/Decrease in Loans and Advances	(5,558)	90,124
Increase/(Decrease) in Trade Payables & other liabilities	<u>(1,767,236)</u>	<u>(975,020)</u>
Cash Generated from Operations before prior period item	110,815	(753,185)
Prior Period Items (Net)	-	(399,161)
Net Cash Generated from Operations	<u>110,815</u>	<u>(1,152,346)</u>
(B) Cash Flow from Investing Activities:		
Sale of Fixed assets	200000	965,500
Sale of Investment	107,181	418,851
Purchase of Investment	-	(489,256)
Net Cash Generated from Investing Activities	<u>307,181</u>	<u>895,095</u>
(C) Cash Flow from Financing Activities:		
Share Application Money Returned	(29,000)	-
Proceeds from UnSecured borrowings	(1,080)	57,630
NET CASH USED IN FINANCING ACTIVITIES	<u>(30,080)</u>	<u>57,630</u>
Net (Decrease)/Increase in Cash and Cash Equivalents	387,916	(199,621)
Cash and Cash Equivalents as at 1st April, 2009	46,035	245,656
Cash and Cash Equivalents as at 31st March, 2010	433,951	46,035

FOR OVERSEAS SYNTHETICS LTD For and on behalf of Board of Directors

Surat, **FOR OVERSEAS SYNTHETICS LTD.** DIRECTOR
 Date: 7 AUG 2010 **FOR OVERSEAS SYNTHETICS LTD.** DIRECTOR.

AUDITORS' REPORT

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, 2010 and found the same in agreement therewith.

FOR NATVARLAL VEPARI & CO.,
 Chartered Accountants
Firm Registration No.123626W

Place: Surat
 Surat, **7 AUG 2010**

Partner.