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VAKHARIA



CERTIFIED TRUE COPY
EVERLON SYNTHETICS LTD.
Signature
DI: 22/05/98

EVERLON SYNTHETICS LIMITED

9th
ANNUAL REPORT
1997-98

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BOARD OF DIRECTORS

SHRI KANTILAL V.VAKHARIA	CHAIRMAN
SHRI JITENDRA K.VAKHARIA	MANAGING DIRECTOR
SHRI KIRIT H.DOSHI	TECHNICAL DIRECTOR
SHRI N.RAMACHANDRAN	DIRECTOR
SHRI MAHESH DAYARAM	DIRECTOR
SHRI MUJEEBUR RAHMAN HABEEB	DIRECTOR
SHRI NILESH DHIRAJLAL SHAH	DIRECTOR
SMT. VARSHA J.VAKHARIA	ALTERNATE DIRECTOR TO SHRI NILESH DHIRAJLAL SHAH

AUDITORS

M/s.K.C.SANGHAVI & CO.

(Chartered Accountants)

106, Shradhanand Building,
272/274, Samuel Street, Vadgadi,
Mumbai - 400 003.

BANKERS

THE BOMBAY MERCANTILE CO-OPERATIVE BANK LTD

INDIAN OVERSEAS BANK

DENA BANK

REGISTERED OFFICE

67, Regent Chambers,
208, Nariman Point,
Mumbai - 400 021.

FACTORIES

- 1) Survey No.775/1/C, Ozar Road,
Mota Pondha, Taluka : Dharampur,
Dist: Valsad, Gujarat.
- 2) Plot No.12-A,
Danudyog Indl. Estate,
Piperia,
Silvassa - 396230
Union Territory of Dadra & Nagar Haveli

EVERLON SYNTHETICS LIMITED**NOTICE**

Notice is hereby given that the 9th Annual General Meeting of the Members of the Company will be held on Monday, the 28th September, 1998 at 11.30 A.M at Kilachand Conference Room, 2nd Floor, Indian Merchant Chamber, IMC Marg, Churchgate, Mumbai - 400 020 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider & adopt Audited Accounts for the year ended 31st March, 1998, together with the Reports of the Directors & Auditors thereon.
2. To declare a Dividend.
3. To appoint a Director in place of Shri Kirit-H. Doshi who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri N.Ramachandran who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Auditors of the Company and fix their remuneration.

SPECIAL BUSINESS

- 6) To consider and if thought fit, to pass with or without modifications, the following Resolution as an Ordinary Resolution.

"RESOLVED THAT pursuant to the provisions of Sections, 198, 269, 309 Sch.XIII and other applicable provisions, if any, of the Companies Act, 1956 Company hereby approves reappointment of Shri Jitendra K. Vakharia as Managing Director of the Company for a period of five years from 1st October, 1998.

RESOLVED FURTHER THAT the Managing Director will be in charge of general management of the Company within the provisions of Articles of Association but subject to superintendence, control and direction of the Board of Directors.

RESOLVED FURTHER THAT Shri Jitendra K. Vakharia be paid the following remuneration during the tenure of his appointment as Managing Director:

- i) Salary :
Salary of Rs.15,000/-per month
- ii) Perquisites :
Following among other perquisites and benefits will be allowed in addition to salary and will be restricted to an amount equal to Rs.1,80,000/- per annum.
 - 1) Company shall provide furnished/unfurnished accommodation.
 - 2) Company shall provide free of cost gas, electricity, water and furnishings to the Managing Director.
 - 3) Medical Reimbursement for self and family, as per the scheme of the Company.
 - 4) Leave Travel Concession for self and family, as per the scheme of the Company.
 - 5) Club fees for two clubs.
 - 6) Personal Accident insurance premium upto Rs.4,000/-
 - 7) Contribution to Provident fund, Superannuation Fund or Annuity Fund.
 - 8) Gratuity calculated at the rate of half month's salary for each completed year of service.
 - 9) Privilege Leave/Encashment of Leave as applicable to senior employees.
 - 10) Provision of car for use on Company's business.
 - 11) Telephone at residence.
 - 12) Reimbursement of entertainment and other expenses incurred for the purpose of the business of the Company.
 - 13) Such other perquisites/allowances/benefits as may be decided by Board from time to time.
Perquisites shall be valued as per Income Tax Rules.

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(iii) Commission:

In addition to salary and perquisites Shri Jitendra K. Vakharia shall be entitled to commission, the amount of it shall be determined by the Board from time to time based on the net profits of the Company subject to overall ceiling laid down in S.198 and 309 of the Companies Act, 1956 and also subject to availability of profit after payment of commission to Ordinary Directors, if any.

RESOLVED FURTHER THAT Shri Jitendra K. Vakharia will be a non rotational Director and shall not retire from the office of Directorship during his term as a Managing Director of the Company.

RESOLVED FURTHER THAT total remuneration payable to Shri Jitendra K. Vakharia during Financial year by way of salary, perquisites, commission and other allowances shall not exceed 5% of Net Profit of that Financial Year.

RESOLVED FURTHER THAT in the event of loss or inadequacy of profit in any financial year during the currency of tenure of Managing Director, the remuneration by way of salary and perquisites shall be as specified in Section II of part II of Sch.XIII".

By order of Board of Directors

PLACE : MUMBAI

DATED : 29TH JUNE, 1998

JITENDRA K. VAKHARIA
(MANAGING DIRECTOR)

Registered Office

67, Regent Chambers,
208-Nariman Point,
Mumbai - 400 021.

NOTES

- a) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- b) The Register of Members and Share transfer books of the Company will remain closed from Thursday, the 10th September, 1998 to Monday, the 28th September, 1998 (both days inclusive) for the purpose of Annual General Meeting.
- c) The Dividend on Equity Shares as recommended by the Board of Directors, if approved at the meeting, will be paid to those shareholders whose names appear in the Company's Register of Members as on 28th September, 1998.
- d) Explanatory statement as required U/S 173 in respect of item No.6 of special business is annexed herewith.
- e) Unpaid dividend in respect of Financial Year 1994-95 will be transferred by the Company to the credit of General Revenue Account of Central Government on 14th November, 1998 as required u/s 205A of the Companies Act, 1956. Members who have not yet encashed their Dividend Warrants are requested to contact the Company for the revalidation at the earliest.
- f) The Members are requested to:

EVERLON SYNTHETICS LIMITED

- I) Intimate immediately any change in their address to the Company at 67, Regent Chambers, 208, Nariman Point, Mumbai - 400 021.
- II) Quote their Folio No. in their correspondence with the Company.
- III) Note that pursuant to the amendment of Section 194 of the Income Tax Act, 1961 by the Finance Act, 1997, no Income Tax has been deducted from dividends. (The Company has borne the additional income-tax @ 10% on profits levied on companies by the Finance Act, 1997 by inserting Section 115-0 in the Income Tax Act, 1961)
- IV) To send their queries atleast 10 days in advance so that the required information can be made available at the meeting.
- V) Bring their copies of Annual Report and Attendance slip with them at the meeting.
- VI) To send their mandate regarding payment of Dividend Warrant.
- VII) Intimate the Company for consolidation of their folios, in case they are having more than one folio.

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EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956**ITEM No.6**

Shareholders had approved appointment of Shri Jitendra K. Vakharia as a Managing Director of the Company in past and same is expiring on 30/09/98. Board of Directors have reappointed Shri Jitendra K. Vakharia as Managing Director of the Company for a further period of five years from 01/10/98 on the terms and conditions and payment and remuneration as set out in the resolution.

Shri Jitendra K. Vakharia has experience of 20 years in the business. It would be the interest of the Company to continue to avail his services as a Managing Director for efficient running of the Company. He is a fit and proper person for the post of Managing Director. His remuneration and terms of payments are fair and reasonable.

Members approval is required for reappointment under Schedule XIII and other applicable provisions of Companies Act, 1956.

Directors recommend resolution for the approval of the Members.

This shall be treated as an abstract under Section 302 of the Companies Act, 1956.

Shri Jitendra K. Vakharia is interested Director as the appointment pertain to him. Shri Kantilal V. Vakharia and Smt. Varsha J. Vakharia are also interested being the relatives of Shri Jitendra K. Vakharia.

By order of Board of Directors

PLACE: MUMBAI
DATED: 29TH JUNE, 1998

JITENDRA K. VAKHARIA
(MANAGING DIRECTOR)

Registered Office

67, Regent Chambers,
208 Nariman Point,
Mumbai - 400 021.

EVERLON SYNTHETICS LIMITED

DIRECTORS' REPORT

To,

The Members,

The Board of Directors have pleasure in presenting the Ninth Annual Report together with the Audited Statements of Accounts for the year ended 31st March, 1998, along with the cashflow statements.

1. OPERATION AND FINANCIAL RESULTS

	Year Ended 31.3.1998 (Rs.in Lacs)	Year Ended 31.3.1997 (Rs.in Lacs)
Sales (Net of Excise Duty)	1826.38	1510.40
Other Income	13.93	17.60
Profit for the year before Depreciation	126.75	141.11
Less: Depreciation	36.74	25.49
Profit before Tax	90.01	115.62
Less: Provision for Taxation	—	—
Profit available for Appropriation	90.01	115.62
Balance Brought forward from Previous Year	53.07	34.60
	143.08	150.22
Appropriations:		
Proposed Dividend	40.36	65.59
Tax on Dividend	4.04	6.56
General Reserve	8.00	25.00
Surplus Carried to Balance Sheet	90.68	53.07
	=====	=====

2. PERFORMANCE

During the year under review, the Company has installed one additional Draw Texturised Machine of 216 spindles increasing the production capacity to 1920 tons per annum. Sales have increased from Rs.15.10 crores to Rs.18.26 crores (Net of Excise Duty) whereas sales volumes has increased from 1554 tons to 2052 tons.

Net profitability as compared to previous year has decreased from Rs.115.62 lacs to Rs.90.01 lacs. This is mainly due to the increase in expenditure which could not be fully recovered.

During the year, your Company is planning to install one additional Draw Texturised Machine in Union Territory of Dadra and Nagar Haveli (Silvassa) and necessary steps will be taken to commission the machine as early as possible.

3. DIVIDEND

Your Directors recommend dividend at the rate of 8% on 50,45,600 Equity share of Rs.10/- each absorbing Rs.40.36 lacs out of the current year's profit. The additional income tax of 10% on the amount of dividend declared shall be borne by the Company, whilst dividend in the hands of shareholders will be tax free.

The Dividend will be paid to those shareholders whose names appear in the Company's Register of Members on 28th September, 1998.

4. DIRECTORS

Smt. Sudha K. Vakharia alternate Director to Shri Mujeebur R. Habeeb resigned on 29/12/97. The Board puts on record application of services rendered by Smt. Sudha K. Vakharia during her tenure as Alternate Director.

Shri Kirit H. Doshi and Shri N. Ramachandran, Directors of the Company retire by rotation and being eligible offer themselves for reappointment.

5. AUDITORS

M/s. K.C. Sanghavi & Co., Chartered Accountants, Auditors of the Company hold office upto the conclusion of the ensuing Annual General Meeting. They have given their consent for re-appointment u/s. 224 (1B) of the Companies Act, 1956.

6. PARTICULARS OF EMPLOYEES

There is no employee in respect of whom information u/s. 217 (2A) of the Companies Act, 1956 is required to be given.

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

The Statement giving particulars of Conservation of Energy, Technology Absorption and Foreign Exchange Earning and Outgo is Annexed hereto.

8. FIXED DEPOSITS

The Company has not accepted any Fixed Deposits from Public.

9. AUDITOR'S REPORT

Auditors remarks for non provisions of gratuity is self explanatory. Since most of the employees of the Company are not eligible for Gratuity, Company has decided to account for gratuity as an when it is accrued and on cash basis.

10. ACKNOWLEDGEMENT

The Directors are thankful to the Company's Bankers for their support and assistance. The Directors also wish to place on record appreciation for the efforts put in by the employees at all levels during the year.

For and on Behalf of the Board of Directors

PLACE : MUMBAI
DATED : 29TH JUNE 1998

KANTILAL V. VAKHARIA
CHAIRMAN

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ANNEXURE 1 TO DIRECTORS' REPORT 1997-98

Information as per Section 217(1)(e) read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors Report for the year 1997-98.

CONSERVATION OF ENERGY :**a. Conservation Measures taken :**

The Company is regularly making efforts for enhancement in capacity utilisation, cost competitiveness and quality improvement of product. Utilities are being combined for effective energy conservation.

b. Additional Investments and Proposals, if any, being implemented for reduction in consumption of energy :
Studies to reduce energy consumption of existing units are going on.**c. Impact of the measures (a) & (b) above for reduction of Energy Consumption and consequential impact on the cost of Production of goods :**
The Company is making efforts to save the cost of power. The Company is constantly investigating avenues for cost saving as an on-going process.**TOTAL ENERGY CONSUMPTION AND ENERGY CONSUMPTION PER UNIT OF PRODUCTION AS PER FORM A OF THE RULES IN RESPECT OF INDUSTRIES SPECIFIED IN THE SCHEDULE THEREOF:**

	1997-98	1996-97
A. POWER AND FUEL CONSUMPTION :		
1. Electricity		
(a) Purchases Units (Lacs)	12.38	8.83
Total Amounts (Rs.in lacs)	46.53	27.90
Rate per Unit (Rs.)	3.75	3.16
(b) Own Generation :		
Through Diesel Generator		
Units (in lacs)	36.95	20.80
Units per Ltr. of Diesel oil	4.40	3.47
Cost per Units (Rs.)	2.14	2.37
2. Coal	Nil	Nil
3. Furnace Oil	Nil	Nil
4. Other / Internal Generation Steam	Nil	Nil
B. CONSUMPTION PER UNIT OF PRODUCTION :		
(Product : Polyester Texturised Yarn & Polyester Twisted Yarn)		
1. Electricity (Unit per M.T.)	3388	2007
2. Coal (Kg)	Nil	Nil
3. Furnace Oil Litre	Nil	Nil
4. Steam (Tons)	Nil	Nil

II. TECHNOLOGY ABSORPTION :

EFFORTS MADE IN TECHNOLOGY ABSORPTION AS PER FORM B OF THE ANNEXURE TO THE RULES.

- | | |
|---|----------------|
| 1. Research & Development (R & D) | NIL AT PRESENT |
| 2. Technology Absorption, adaptation and Innovation | NIL AT PRESENT |

III. FOREIGN EXCHANGE EARNING AND OUT GO :

- | | | |
|--|--------------|----------------|
| a. Activities relating to exports initiative taken to increase export markets for products and services and export plan. |) | NOT APPLICABLE |
| |) | |
| |) | |
| b. Total Foreign exchange used and earned: | | |
| 1. Expenditure in Foreign Currency | NIL | |
| 2. Value of Import on CIF basis | Rs.1.04 Lacs | |