

*13th
Annual Report
2001-2002*

**EVERLON
SYNTHETICS
LIMITED**

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EVERLON SYNTHETICS LIMITED

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EVERLON SYNTHETICS LIMITED

BOARD OF DIRECTORS

SHRI JITENDRA K. VAKHARIA	MANAGING DIRECTOR
SMT. VARSHA J. VAKHARIA	DIRECTOR
SHRI KAMLESH C. SANGHAVI	DIRECTOR

AUDITORS

M/s.N.B SHAH & ASSOCIATES,
(Chartered Accountants)
305, Tulsiani Chambers,
Nariman Point,
Mumbai - 400 021.

BANKERS

THE BOMBAY MERCANTILE CO-OPERATIVE BANK LTD.
INDIAN OVERSEAS BANK
DENA BANK
HDFC BANK

REGISTERED OFFICE

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

FACTORIES

- 1) Survey No.775/1/C, Ozar Road,
Mota Pondha, Taluka : Kaprada,
Dist : Valsad, Gujarat.
- 2) Plot No.265/7/1,
Demni Road,
Dadra, Silvassa.
(Union Territory of Dadra & Nagar Haveli)

LISTED AT

The Bombay Stock Exchange, Mumbai
The Ahmedabad Stock Exchange, Ahmedabad.

EVERLON SYNTHETICS LIMITED

NOTICE

Notice is hereby given that the 13th Annual General Meeting of the Members of the Company will be held on Thesday, the 30th July 2002, at 4.30 P.M. at the Registered office of the Company at 67, Regent Chambers, 6th Floor, 208 Nariman Point, Mumbai-400 021 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider & adopt Audited Accounts for the year ended 31st March, 2002, together with the Reports of the Directors & Auditors thereon.
2. To appoint a Director in place of Smt. Varsha J. Vakharia who retires by rotation and being eligible offers herself for re-appointment.
3. To appoint Auditors and fix their remuneration.

By order of Board of Directors

Place: Mumbai
Dated: 28th May, 2002

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 Tuesday, 23rd July 2002 to Tuesday, 30th July 2002 (both days inclusive) for the purpose of Annual General Meeting.
- c) The Members are requested to:
 - I) Intimate immediately any change in their address to the Company at 67, Regent Chambers, 6th Floor, 208, Nariman Point, Mumbai - 400 021.
 - II) Quote their Folio No. /Client ID No. in their correspondence with the Company.
 - III) To send their queries atleast 10 days in advance so that the required information can be made available at the meeting.
 - IV) Bring their copies of Annual Report and Attendance slip with them at the meeting.
 - V) Intimate the Company for consolidation of their folios, in case they are having more than one folio.
- d) Unpaid/Unclaimed Dividend:
 - I) Members who have not yet encashed their dividend warrants in respect of Financial Year 1994-95, 1995-96, 1996-97 and 1997-98 are requested to contact the company for revalidation at the earliest.
 - II) In terms of amended Section 205-A and newly introduced Section 205-C, the Company is now required to transfer unpaid/unclaimed dividend to the credit of Investors Education and Protection Fund on expiry of seven years from the date of transfer to unpaid dividend account.
- e) Dematerialisation
Company has entered into a tripartite agreement with M/s.Sharex India (P) Ltd., M/s.National Security Depository Ltd. and with M/s.Central Depository Services Ltd. for dematerialisation of company's equity shares for which company was allotted with ISIN No.INE339D01018. Members may convert their holdings from physical to demat form and request for dematerialisation of Shares are to be made only to the Depository Participant with whom you have opened your demat account.

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DIRECTORS' REPORT

To,
The Members'

The Board of Directors present the 13th Annual Report together with the Audited Statements of Accounts for the year ended 31st March, 2002, along with the cash flow statements:

1. OPERATION AND FINANCIAL RESULTS

	Year Ended 31/03/2002 (Rs.in Lacs)	Year Ended 31/03/2001 (Rs.in Lacs)
Sales (inclusive of Excise Duty)	1312.32	574.50
Other Income	62.65	21.19
Profit/(Loss) for the year before Depreciation	(113.51)	(243.53)
Less: Depreciation	(59.62)	(385.66)
Profit/(loss) before Tax	(173.13)	(629.19)
Provision for Diminution in value of Long Term Investments	—	(45.06)
Assets Written off	(48.88)	—
Capital Work in progress written off	(20.16)	—
Excess/(Short) Tax provisions for prior years	(4.02)	3.18
Profit/(Loss) for the year	(246.19)	(671.07)
Transferred from General Reserve	—	111.00
Balance Profit/(Loss)	—	(560.07)
Loss Brought forward from previous year	(630.87)	(70.80)
Loss Carried to Balance Sheet	(877.06)	(630.87)

2. PERFORMANCE

During the year the Company has produced 1498.04 tons as against 403.34 tons during the previous year resulting in sales turnover of Rs. 1312.32 lacs as against Rs. 574.50 lacs during previous year.

3. CURRENT YEARS WORKING

After shifting of the plant & machinery from Motapondha unit to Dadra unit the Company has commenced partial production of Polyester Texturised Yarn. However, due to lack of sufficient working capital, the Company could utilise only 57% of its production capacity. The Company suffered further loss mainly due to very low capacity utilisation.

4. DIVIDEND

Directors do not recommend any Dividend due to the losses suffered by the Company.

5. DIRECTORS

Shri Kirit H. Doshi has resigned as whole time Director and also as a Director of the Company from 01/08/2001 and Shri Atul B. Desai also resigned as a Director of the Company on 28/05/2002. Board puts on record appreciation of services rendered by them to the Company.

Smt.Varsha J. Vakharia retires by rotation and being eligible offers herself for reappointment.

EVERLON SYNTHETICS LIMITED

6. AUDITORS

M/s. N.B Shah & Associates, Chartered Accountants have given their consent for reappointment for the F.Y 2002-2003. Members are requested to reappoint them.

7. 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.

8. DIRECTORS RESPONSIBILITY STATEMENT U/S.217(2AA)

It is hereby confirmed that in respect of Financial Year ended on 31/03/2002.

- a) In the preparation of annual accounts, the applicable accounting standards have been followed.
- b) Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended on 31/03/2002 and of the loss of the company for that period.
- c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) The Directors have prepared the Annual Accounts on a going concern basis.

9. AUDITORS REPORT

Even though the Company has eroded its net worth, the Company continues with its production activity. Hence the account are prepared on "going concern" basis. The Auditors observations "on going concern basis" shall be read in this context.

10. AUDIT COMMITTEE

Company has already constituted the Audit Committee with following three Directors as members i.e Shri Kamlesh C. Sanghvi -Chairman, Shri Atul B. Desai and Shri Jitendra K. Vakharia. On resignation of Shri Atul B. Desai, the committee is being reconstituted.

11. CORPORATE GOVERNANCE

The Company is required to comply with the provision of clause 49 of Listing agreement related to Corporate Governance during the current F.Y ending on 31st March, 2003.

12. PROVISIONS OF SICK INDUSTRIAL COMPANIES (SPECIAL PROVISIONS) ACT, 1985

Company has made a reference to BIFR U/s.15 of SICA act for rehabilitation, revival and reconstruction.

13. 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.

14. FIXED DEPOSITS

The Company has not accepted any Fixed Deposits from the Public.

15. ACKNOWLEDGEMENT

The Directors wish to place on record appreciation for the efforts put in by all the employees of the Company.

For and on Behalf of the Board of Directors

Place : Mumbai
Dated : 28th May, 2002

JITENDRA K. VAKHARIA **VARSHA J. VAKHARIA**
MANAGING DIRECTOR DIRECTOR

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ANNEXURE 1 TO DIRECTORS' REPORT 2001-2002

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 2001-2002.

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:

	2001-2002	2000-2001
A. POWER AND FUEL CONSUMPTION :		
1. Electricity		
(a) Purchases Units (Lacs)	33.84	2.07
Total Amounts (Rs.in lacs)	89.62	11.03
Rate per Unit (Rs.)	2.65	5.32
(b) Own Generation :		
Through Diesel Generator		
Units (in lacs)	0.19	6.75
Units per Ltr. of Diesel oil	3.50	3.59
Cost per Units (Rs.)	4.43	3.87
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.)	2292	2035
2. Coal (Kg)	Nil	Nil
3. Furnace Oil Liter	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	NIL
2. Value of Import on CIF basis	NIL	NIL

EVERLON SYNTHETICS LIMITED

AUDITORS' REPORT

To,
The Members of
EVERLON SYNTHETICS LIMITED

We have audited the attached Balance Sheet of EVERLON SYNTHETICS LIMITED as at 31st March, 2002 and the Profit and Loss Account for the year ended on that date annexed thereto.

Accordingly we report that:-

1. As required by the manufacturing and other Companies (Auditors Report) order, 1988 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraph 4 & 5 of the said order.
2. Further to our comments in the Annexure referred to in paragraph 1 above:
 - a) We have obtained all the informations and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company, so far as it appears from our examination of such books.
 - c) The Balance Sheet and Profit & Loss Account referred to in this report are in agreement with the books of accounts.
 - d) In our opinion, the Profit & Loss Account and the Balance Sheet comply with the Accounting Standards referred to in Section 211 (3C) of the Companies Act 1956.
 - e) In our opinion and as per information and according to the explanations given to us no Director is disqualified from being appointed as Director under clause (g) of Subsection (1) of Section 274.
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and the Profit & Loss Account read together with the notes thereon subject to **Note No.2 of Schedule 'P' that net worth of the Company has been fully eroded due to losses and despite the erosion the accounts are prepared on "going concern basis" by the management.**
 - i) in so far as it relates to the Balance Sheet, of the State of affairs of the Company as at 31st March, 2002 and
 - ii) in so far as it relates to the Profit & Loss Account, of the loss of the Company for the year ended on that date.

FOR N.B.SHAH & ASSOCIATES
CHARTERED ACCOUNTANTS

Place : Mumbai.
Dated : 28th May, 2002

P.T.POLADIA
(PARTNER)

ANNEXURE TO THE AUDITOR'S REPORT:

REFERRED TO IN PARAGRAPH 1 OF OUR REPORT OF EVEN DATE:

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. All the assets have been physically verified by the management during the year and in our opinion it is reasonable having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such verification.
2. The Company has revalued the value of Building at Motapondha Plant, dist. Valsad based on valuation report from Chartered Engineers and Loss on such revaluation has been debited to Profit and Loss Account as per note No.1(b)(ii) of Schedule 'P'.
3. The Stock of finished goods, work-in-progress, consumable stores and spares and raw materials have been physically verified during the year by the management and in our opinion, having regard to the size and nature of business, the frequency of verification is reasonable.
4. The procedure of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

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5. The discrepancies noticed on verification between the physical stocks and books records were not material, in relation to the operations of the Company and the same have been properly dealt with in the books of account.
6. On the basis of examination of stock records, we are of the opinion that the valuation of stock is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in preceding year.
7. In our opinion, the rate of interest and other terms and conditions on which loans have been obtained from Companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 and/or from the Companies under the same management as defined under section 370(1B) of the Companies Act, 1956 are not prima facie prejudicial to the interest of the Company.
8. As per the information and explanation given to us, the Company has not granted any loans to the Companies, Firms or other firms listed in the register maintained under Section 301 and to the Companies under the same management as defined in sub section (1B) of section 370 of the Companies Act, 1956.
9. In respect of loans and advances in the nature of loans given by the Company, parties have repaid the principal amounts as stipulated and have also been regular in the payment of interest, wherever applicable.
10. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of stores, raw materials including components, plant and machinery, equipments and other assets and with regard to sale of goods.
11. According to the information and explanations given to us, there are no transaction of purchase of goods, materials and services and sale of goods, materials and services, made in pursuance of contracts or arrangements entered in the Register maintained under section 301 of the Companies Act, 1956, aggregating during the year to Rs.50,000/- or more in respect of each party.
12. As explained to us, the Company has a regular procedure for the determination of unserviceable or damaged stores, raw materials and finished goods. Adequate provision has been made in the accounts for the loss arising on the items so determined.
13. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public.
14. In our opinion, reasonable records have been maintained by the Company for the sale and disposal of realisable by-products and scrap.
15. In our opinion, the Company has adequate internal audit system commensurate with the size and nature of its business.
16. As informed to us, the Central Government has not prescribed maintenance of cost record under section 209(1)(d) of the Companies Act, 1956 in respect of the Company.
17. According to the records of the Company, the provident fund and employees state insurance dues have generally been deposited regularly with the appropriate authorities.
18. According to the information and explanations given to us, no undisputed amounts payable in respect of Income-tax, Wealth-tax, Sales-tax, Customs duty and excise duty were outstanding, as at 31st March 2002 for a period of more than six months from the date they become payable.
19. According to the information and explanations given to us, no personal expenses of employees or directors have been charged to revenue account, other than those payable under contractual obligations or in accordance with generally accepted business practice.
20. The Company is a Sick Industrial Company within the meaning of Clause (O) of sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
21. As per information and explanations given us, the Company is dealing and trading in shares, securities, debentures and other investments and has maintained proper records of the transactions and contracts and timely entries have been made therein and such shares have been held by the Company in its own name.

FOR N.B.SHAH & ASSOCIATES
CHARTERED ACCOUNTANTS

Place : Mumbai.
 Dated : 28th May, 2002

P.T.POLADIA
(PARTNER)