

**14th
Annual Report
2002-2003**

**CERTIFIED TRUE COPY
FOR EVERLON SYNTHETICS LTD.**

Director.

**EVERLON
SYNTHETICS
LIMITED**

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EVERLON SYNTHETICS LIMITED

BOARD OF DIRECTORS

SHRI JITENDRA K. VAKHARIA
SMT. VARSHA J. VAKHARIA
SHRI DINESH P. TURAKHIA

MANAGING DIRECTOR
DIRECTOR
DIRECTOR

AUDITORS

M/s. N.B SHAH & ASSOCIATES,
(Chartered Accountants)
602, DAMJI SHAMJI TRADE CENTRE,
OPP. VIDYAVIHAR RLY., STN.,
GHATKOPAR (W), MUMBAI - 400 086.

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.

REGISTRAR & SHARE TRANSFER AGENT

SHAREX (INDIA) PVT. LTD.
17/B, DENA BANK BUILDING,
2ND FLOOR, HORNIMAN CIRCLE,
FORT, MUMBAI - 400 001.

EVERLON SYNTHETICS LIMITED

NOTICE

Notice is hereby given that the 14th Annual General Meeting of the Members of the Company will be held on Friday, the 26th September 2003, 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, 2003, 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.

SPECIAL BUSINESS

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

"Resolved that Shri Dinesh P. Turakhia who has been appointed by the Board as an additional director and who holds office upto the date of this Annual General Meeting and in respect of whom the company has received a notice in writing alongwith deposit of Rs.500/- from a member u/s. 257 of the Companies Act, 1956 proposing his candidature as a Director be and is hereby appointed as a Director of the company liable to retire by rotation".

- 5 To consider and if thought fit to pass with or without modification following Resolution as a Special Resolution:

"RESOLVED THAT in terms of Securities and Exchange Board of India (Delisting of Securities) Guidelines - 2003, all other laws, rules, regulations and guidelines, as applicable and subject to the provisions of the Companies Act, 1956, (including any statutory modification(s) or re-enactment thereof for the time being in force and as may be enacted hereinafter) and subject to such approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the company (hereinafter referred to as "the Board", which term shall be deemed to include any Committee thereof for the time being exercising the powers conferred on the Board by this resolution), consent of the company is hereby accorded for voluntary delisting of company's Equity Shares from The Stock Exchange, Ahmedabad".

"RESOLVED FURTHER THAT the Board of Directors of the company is hereby authorised to do all acts, deeds, matters and things as may be necessary for the purpose of giving effect to this resolution."

- 6 To consider and if thought fit, to pass with or without modification, the following resolution as Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 311 Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to limits laid down under aforesaid Sections/Schedule XIII, the consent of the members be and is hereby given for re-appointment of Shri Jitendra K. Vakharia as the Managing Director of the company for a further period of 2 years with effect from 1st October 2003 upon the terms and conditions as set out in the Explanatory Statement attached to this Notice."

"RESOLVED FURTHER THAT Shri Jitendra K. Vakharia, the Managing Director 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 shall not be paid any remuneration for providing his services to the company as Managing Director.

"RESOLVED FURTHER THAT Shri Jitendra K. Vakharia, will be a non rotational Director and shall not be liable to retire by rotation during his term as a Managing Director."

"RESOLVED FURTHER THAT the Managing Director shall be entitled to

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reimbursement of all expenses incurred for the purpose of business of the company and shall not be entitled to any sitting fees for attending meeting of the Board of Directors and Committee(s) thereof."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to alter and vary such terms of re-appointment specified in Schedule XIII and other applicable Sections of the Companies Act, 1956 or any statutory modifications thereof as may be agreed to by the Board of Directors and Shri Jitendra K. Vakharia."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required and to delegate all or any of its powers herein conferred to any Committee of Directors."

By order of Board of Directors
JITENDRA K. VAKHARIA
(MANAGING DIRECTOR)

Place: Mumbai
Dated: 31st July, 2003
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 Friday 19th September to Friday, 26th September 2003 (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 Company's Registrar and Share Transfer Agent M/s. Sharex (India) Pvt. Ltd., 17/B, Dena Bank Building, 2nd Floor, Horinman Circle, Fort, Mumbai - 400 001.
 - ii) Quote their Folio No. /Client ID No. in their correspondence with the Company/ Registrar and Transfer Agents..
 - iii) 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 Registrar and Transfer Agents M/s. Sharex (India) Pvt.Ltd. 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 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) Explanatory statement pursuant to S-173 of the Companies Act 1956 in respect of Special Business is enclosed herewith.

Explanatory Statement pursuant to S.173 of the Companies Act 1956.

Item No.4

Appointment of Shri Dinesh P. Turakhia as a Director:-

Board has appointed Shri Dinesh P. Turakhia as an additional Director during the year. Company has received a notice in writing from a member u/s. 257 of the Companies Act, 1956 proposing appointment of Shri Dinesh P. Turakhia as a Regular Director liable to retire by rotation. He is having experience in the business lines of the

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company. It would be in the interest of the company to appoint him as a Director. Directors recommend this Resolution for approval of members.

Except Shri Dinesh P.Turakhia, no other director is concerned or interested in this Resolution.

Item No.5**Voluntary Delisting of Company's Equity Shares from Ahmedabad Stock Exchange.**

Presently the company's Equity Shares are listed on the following Stock Exchanges in India:

1. The Stock Exchange, Mumbai.
2. The Stock Exchange, Ahmedabad.

With the nation-wide networking of centres of The Stock Exchange, Mumbai (BSE), the members of the company have access to online trading and dealing in the company's Equity Shares across the country. The trading volumes on The Stock Exchange, Ahmedabad (ASE) in the company's Equity Shares are very low. The proposed delisting of the company's Equity Shares from Ahmedabad Stock Exchange will not therefore adversely affect any investor, including investors located in the regions where the said Stock Exchange is situated. The company's Equity Shares will continue to be listed on The Bombay Stock Exchange.

In terms of Securities and Exchange Board of India (Delisting of Securities) Guidelines - 2003, a listed company may delist its securities from Stock Exchange, if the securities of the company have been listed for a minimum period of 3 years on any Stock Exchange, after obtaining prior approval of Shareholders by a Special Resolution passed at the General Meeting.

The company has proposed delisting of its Equity Shares from Ahmedabad Stock Exchange in line with Guidelines issued by SEBI for Voluntary delisting of the Securities. Members approval is sought by a Special Resolution for delisting the company's Equity Shares from Ahmedabad Stock Exchange. The proposed delisting is in the interest of the company and also a cost reduction measure. The Board of Directors recommend the Special Resolution for members approval.

No Director is concerned or interested in this Resolution.

Item No.6**Reappointment of Shri Jitendra K. Vakharia as Managing Director**

The present term of appointment of Shri Jitendra K. Vakharia as the Managing Director is valid upto 30th September 2003. The Board of Directors (the Board) of the company at their meeting held on 31st July, 2003 have re-appointed him as the Managing Director for a further period of 2 years with effect from 1st October 2003 on following terms and conditions:

Shri Jitendra K. Vakharia shall not be paid any remuneration for rendering his services as Managing Director to the Company.

Shri Jitendra K. Vakharia is a fit and proper person for the post of Managing Director. The terms and conditions of his appointment are fair and reasonable. It would be in the interest of the company to continue avail services of Shri Jitendra K. Vakharia as Managing Director.

The members approval is required for the above under Schedule XIII and other applicable provisions of Companies Act, 1956.

This shall be treated as an abstract u/s. 302 of the Companies Act, 1956.

Shri Jitendra K. Vakharia, Managing Director is interested as the above appointment pertains to him. Smt. Varsha J. Vakharia being relative of Shri Jitendra K. Vakharia is deemed to be concerned or interested in the same.

By order of Board of Directors
JITENDRA K. VAKHARIA
(MANAGING DIRECTOR)

Place: Mumbai
Dated: 31st July, 2003
Registered Office
67, Regent Chambers,
208 Nariman Point,
Mumbai - 400 021.

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Details of the Directors seeking Appointment/Re-appointment in the forthcoming Annual General Meeting.

(As per Clause 49 of the Listing Agreement)

A. Name of Director	Shri Jitendra K. Vakharia	Smt. Varsha Vakharia	Shri Dinesh P. Turakhia
B. Date of Birth	10.05.1956	25.08.1958	25.09.1942
C. Date of Appointment	19.12.1989	29.10.1999	06.12.2002
D. Expertise in Specific functional areas	25 Years experience in yarn business	Housewife	15 Years experience in yarn business
E. Qualifications	B.Sc.	M.A.	D.E.E.
F. List of Companies in which Directorship held as on 31st March 2003.	Vakharia Synth P.Ltd. Omkar Textone P.Ltd. Vakharia Financial Services Ltd. Lasha Investment & Trading Co. Pvt. Ltd. Vakharia Leasing & Finance Co. Pvt. Ltd. Everest Yarn Agency Pvt. Ltd. Akropan Finance Pvt. Ltd.	Vakharia Synth P.Ltd. Omkar Textone P.Ltd. Vakharia Financial Services Ltd. Lasha Investment & Trading Co. Pvt. Ltd. Vakharia Leasing & Finance Co. Pvt. Ltd. Everest Yarn Agency Pvt. Ltd.	None
G. Chairman/Member of the Committees of the Board of the other Companies on which he is a Director as on 31st March 2003.	---	---	---

CORPORATE GOVERNANCE REPORT

In compliance with Clause 49 of the Listing Agreement with Stock Exchanges, the Company submits the following report on the matters mentioned in the said clause.

1. Company's Philosophy on Code of Governance

The Company is committed to good Corporate Governance

2. Board of Directors

During the Financial year 2002-2003, 5 Board Meetings were held on 28th May 2002, 30th July 2002, 25th October 2002, 6th December 2002 and 31st January 2003.

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Details of composition of the Board, category, attendance of Directors at Board Meetings and last Annual General Meeting, number of other Directorships and other Committee Memberships are given below :

Sr. No.	Name of the Director	Category of Directorship	No of Attendance Board at last Meet- AGM ings attended	No of other Directorships as on 31st March 2003	No of other Committees Member ship	Chairman ship
1	Shri Jitendra ED(P) K. Vakharia Managing Director	5	Yes	7	—	—
2	Smt. Varsha NED(P) J. Vakharia	5	Yes	6	—	—
3	Shri Dinesh NED(I) P. Turakhia	2	No	—	—	—
4	Shri Atul B. NED(I) Desai (Resigned on 28/5/02)	—	—	—	—	—
5	Shri Kamallesh NED(I) C. Sanghavi (Resigned on 6/12/02)	—	No	—	—	—

ED(P)-Executive Director, Promoter, NED(P)-Non Executive Director, Promoter, NED(I)-Non Executive Director, Independent * Including Directorships in Private Limited Companies

3. Audit Committee

During the financial year 2002-2003, 3 meetings of the Committee were held as under: 28th May 2002 (no quorum), 30th July 2002, 25th October 2002 and 31st January 2003.

Details of composition of the Committee and attendance of the members are give below :

Sr.	Name	Designation	Category	No of Meetings Attended
1)	Shri Dinesh P. Turakhia (Appointed on 6-12-02)	Chairman	NED (I)	1
2)	Shri Jitendra K. Vakharia	Member	ED (P)	3
3)	Smt. Varsha J. Vakharia	Member	NED (P)	3
4)	Shri Atul B. Desai (Resigned on 28/5/02)	Member	NED (I)	—
5)	Shri Kamallesh C. Sanghavi (Resigned on 6/12/02)	Member	NED (I)	—

The powers and terms of reference of the Committee are as specified in Clause 49 of the Listing Agreement with the Stock Exchanges and Section 292A of the Companies Act, 1956.

4. Remuneration of Directors

The Company has not paid any remuneration to Managing Director and other Directors. It has also not paid any sitting fees to the Directors for attending Board/Committee meetings.

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During the year Share Transfer Committee held 15 meetings and a meeting of the shareholders/Investors Grievances Committee was also held on 8th March '03. The composition of the Committee is as under :

Sr.	Name	Designation	Category
1.	Shri Jitendra K. Vakharia	Member	ED (P)
2.	Smt. Varsha J. Vakharia	Member	NED (P)
3.	Shri Dinesh P. Turakhia	Chairman	NED (I)

Committee has the power to look into redressal of shareholders/investors complaints such as non-receipt of shares sent for transfer, non receipt of dividends/ Annual Reports etc.

The Secretarial Department of the Company, under the supervision of Shri Ashok C. Jain, who is also nominated as the Compliance Officer as required by SEBI/ Listing Agreement, and M/s Sharex (India) Pvt. Ltd., Registrar & Share Transfer Agents, attended to all Shareholders/Investors Grievances received directly or through SEBI, Stock Exchanges, Department of Company Affairs and Registrar of Companies.

The total number of complaints received from the Shareholders were two. All the letters have been replied to and all the complaints have been solved to the satisfaction of shareholders. There were no outstanding letters/complaints or pending transfers dematerialisation requests as on 31st March 2003.

6. General Body Meeting

Details of Location, Date and Time of the Annual General Meetings held during the last three years

Financial Year	Venue	Date & Time
2001-2002	67, Regent Chambers, 208, Nariman Point, Mumbai - 400 021.	30th July 2002 at 4.30 P.M.
2000-2001	67, Regent Chambers, 208, Nariman Point, Mumbai - 400 021.	28th September 2001 at 11.30 A.M.
1999-2000	67, Regent Chambers, 208, Nariman Point, Mumbai - 400 021.	26th September 2000 at 11.30 A.M.

No Special Resolution was put through postal ballot during last year. At the ensuing Annual General Meeting, there is no resolution proposed to be passed through postal ballot.

7. Disclosures

There were no materially significant related party transactions which has potential conflict with the interest of the Company at large.

The Company has complied with most of the requirements of the Listing Agreements with the Stock Exchanges as well as the regulations and guidelines of SEBI. Consequently, no penalties were imposed or strictures passed against your Company by SEBI, Stock Exchanges or any other statutory authority on any matter relating to capital markets during the last 3 years.

8. Means of Communication

Half yearly results are published in newspapers but not sent to each household of Shareholders.

The quarterly results of the Company are published in the following newspapers Free Press Journal (English) and Nav Shakti (Marathi).

Management Discussion and Analysis is a part of Annual Report.

9. Information on Directors

Information relating to Directors seeking reappointment as required under Clause 49(VI)(A) of the Listing Agreement is given in the notice of Annual General Meeting.

10. General Shareholder Information

Detailed information in this regard is provided in the "Information for Shareholders" section, appearing in the annual Report.

EVERLON SYNTHETICS LIMITED

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members of
Everlon Synthetics Limited
67, Regent Chambers,
Nariman Point,
Mumbai - 400 021.

We have examined the compliance of conditions of corporate governance by Everlon Synthetics Limited, for the year ended 31st March, 2003, as stipulated in clause 49 of the Listing Agreement of the said Company with the stock exchanges.

The compliance of the conditions of corporate governance is the responsibility of the management. Our examination, conducted in the manner described in the 'Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India, was limited to procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, since the company does not have adequate number of independent Directors on its Board, the company is unable to fully comply with the conditions of Corporate Governance and accordingly we certify that the company has not fully complied with the conditions of the Corporate Governance as stipulated in clause 49 of the Listing agreement.

We state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Company. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

FOR N.B.SHAH & ASSOCIATES
CHARTERED ACCOUNTANTS

Place : Mumbai.
Dated : 31st July, 2003

P.T.POLADIA
PARTNER
M NO.3875

Information for Shareholders

Annual General Meeting:

Day, Date & Time: Friday, 26th September 2003, 4.30 P.M.

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

Financial Calendar (Tentative)

Unaudited results for the quarter ending 30th June, 2003:

4th week of July 2003.

Unaudited results for the quarter ending 30th September, 2003:

4th week of October 2003.

Unaudited results for the quarter ending 31st December, 2003:

4th week of January 2004.

Audited results for the year ending 31st March, 2004:

4th week of May/June 2004.

Book Closure Dates on account of Annual General Meeting:

19th September 2003 to 26th September 2003 (Both days inclusive)

Listing of Shares on Stock Exchange

The equity shares of the Company are listed on Mumbai and Ahmedabad Stock Exchange. The Annual Listing Fees for the year has been paid to The Mumbai Stock Exchange.