

**17th  
Annual Report  
2005-2006**

**EVERLON  
SYNTHETICS  
LIMITED**

## EVERLON SYNTHETICS LIMITED

ACCOUNTING YEAR ENDED  
31st MARCH 2006

ASSESSMENT YEAR  
(2006-2007)

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## EVERLON SYNTHETICS LIMITED

### BOARD OF DIRECTORS

SHRI JITENDRA K. VAKHARIA	MANAGING DIRECTOR
SMT. VARSHA J. VAKHARIA	DIRECTOR
SHRI DINESH P. TURAKHIA	DIRECTOR
SHRI DILEEP K. GUPTA (UPTO 31/07/06)	DIRECTOR
SHRI KAMLESH SANGHAVI (W.E.F. 31/07/06)	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

INDIAN OVERSEAS BANK  
THE BANK OF RAJASTHAN LTD.  
CORPORATION BANK  
DENA BANK

### REGISTERED OFFICE

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

### FACTORIES

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

### 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 17th Annual General Meeting of the Members of the Company will be held on Saturday, the 30th September 2006, at 10.00 A.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, 2006, 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 following Resolution as a 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 1 year with effect from 1st October 2006 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 terms as a Managing Director."

"RESOLVED FURTHER THAT the Managing Director shall be entitled to 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."

5. To consider and if thought fit to pass with or without modifications, following Resolution as an ordinary Resolution:

"RESOLVED that Shri Kamlesh Sanghavi who was appointed by the Board of Directors as an Additional Director and whose appointment is valid upto the date of ensuing Annual General Meeting and in respect of whom the company has received a notice in writing from a member with necessary deposit u/s.257 of the Companies Act 1956, be and is hereby appointed as a Director of the company liable to retire by rotation."

**By order of Board of Directors**

Place: Mumbai  
Dated: 31st July, 2006

**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 Saturday 23rd September 2006 to Saturday 30th September 2006, (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, Horniman Circle, Fort, Mumbai - 400 001. Members holding shares in the electronic form are advised to inform change in address directly to their respective depository participants.
  - 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) 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 (Fund) on expiry of seven years from the date of transfer to unpaid dividend account. Accordingly, the company has transferred all unclaimed dividend to the Fund in respect of all Financial Years upto 31st March 1998.

**Explanatory Statement pursuant to S.173 of the Companies Act, 1956****Reappointment of Shri Jitendra K. Vakharia as Managing Director**

(Item No.4 of notice)

The present term of appointment of Shri Jitendra K. Vakharia as the Managing Director is valid upto 30th September 2006. The Board of Directors (the Board) of the company at their meeting held on 31st July, 2006 have re-appointed him as the Managing Director for a further period of 1 year with effect from 1st October 2006 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 member's 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.

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.

**Appointment of Shri Kamlesh Sanghavi as a Director (Item no.5 of notice)**

The Board of Directors had appointed Shri Kamlesh Sanghavi as an additional director of the Company w.e.f. 31st July 2006 and his appointment is valid upto the date of ensuing Annual General Meeting. Company has received a notice in writing from a member with necessary deposit u/s.257 of the Companies Act 1956 for his appointment as a Director.

Shri Kamlesh Sanghavi is an C.A. with experience in professional services for last 20 years. It will be in the interest of the company to continue to avail services of Shri Kamlesh Sanghavi as a Director of the Company.

Shri Kamlesh Sanghavi is interested in this Resolution as above appointment pertaining to him.

**By order of Board of Directors**

Place: Mumbai

Dated: 31st July, 2006

**JITENDRA K. VAKHARIA  
(MANAGING DIRECTOR)****Registered Office :**

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

**Details of other Directors seeking Appointment / Re-appointment at the forthcoming Annual General Meeting.**

( As per clause 49 ( IV ) ( G ) of the Listing Agreement )

A. Name of Director	Smt. Varsha J. Vakharia	Shri Jitendra K. Vakharia	Shri Kamlesh Sanghavi
B. Date of Birth	25.08.1958	10.05.1956	17.12.1959
C. Date of Appointment	29.10.1999	19.12.1989	31.07.2006
D. Expertise in specific functional areas	Business in yarn business	26 years experience in	20 years profession
E. Qualifications	M.A.	B.Sc	C.A.
F. Name of Companies in which directorship held as on 31st March, 2006	Vakharia Synth.P.Ltd. Omkar Texolene P.Ltd. Vakharia Financial Services Ltd. Lasha Inv.&Trading Co.Pvt.Ltd. Everest Yarn Agency Pvt.Ltd.	Vakharia Synth.P.Ltd. Omkar Texolene P.Ltd. Vakharia Financial Services Ltd. Lasha Inv.&Trading Co.Pvt.Ltd. Everest Yarn Agency Pvt.Ltd.	_____
G. Chairman / Member of the Committees of the Board of the other companies on which he/ she a Director as on 31st March 2006	_____	_____	_____
H No.of equity shares of Rs.10/- each of the company held as on 31st March 2006	126700	505400	_____

## 17TH ANNUAL REPORT

**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 2005-2006 5 Board Meetings were held on 23rd April 2005, 30th April 2005, 30th June 2005, 30th July 2005, 28th October 2005 and 31st January 2006

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 Membership are given below:

Sr. No.	Name of the Director	Category of Directorship Meetings	No. of Board AGM	Attendance at last	No. of other Directorships (As on 31st Attended in other companies	No of other Committees Member March, 06	Chairman ship ship
1	Shri Jitendra K. Vakharia Managing Director	ED ( P )	5	Yes	5	_____	_____
2	Smt. Varsha J. Vakharia	NED ( P )	5	Yes	5	_____	_____
3	Shri Dinesh P. Turakhia	NED ( I )	5	Yes	_____	_____	_____
4	Shri Dileep K. Gupte (w.e.f. 15.12.05) (Resigned on 31-07-06)	NED ( I )	1	_____	_____	_____	_____

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

## EVERLON SYNTHETICS LIMITED

**3. AUDIT COMMITTEE.**

During the financial year 2005-2006, 4 meetings of the committee were held as under: 30th June 2005, 30th July 2005, 28th October 2005 and 31st January 2006.

Details of composition of the committee and attendance of the members are given below:

Sr.	Name	Designation	Category	No of meetings Attended
1)	Shri Dinesh P. Turakhia	Chairman	NED ( I )	4
2)	Shri Jitendra K. Vakharia	Member	ED ( P )	4
3)	Smt. Varsha J. Vakharia (upto 15.12.05)	Member	NED ( P )	3
4)	Shri Dileep K. Gupte (From 15.12.05) (Resigned on 31.07.06)	Member	NED ( I )	1

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. The details of company's equity shares of Rs.10/- each held by Directors as on 31st March 2006: Shri Jitendra K. Vakharia 505400 equity shares, Smt. Varsha J. Vakharia 126700 equity shares, Shri Dinesh P. Turakhia 500 equity shares, Shri Dileep K. Gupte 400 equity shares.

**5. Shareholders/Investors Grievances Committee**

During the year Share Transfer Committee held 15 meetings and a meeting of the shareholders / Investors Grievances Committee was also held on 11th March, 06. 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, attends to all shareholders/Investors Grievances received directly or through SEBI, Stock Exchanges, Department of Company Affairs and Registrar 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 2 requests for 400 Equity shares pending for dematerialisation as on 31st March 2006. The same was completed by 15.04.2006.



## 17TH ANNUAL REPORT

**6. GENERAL BODY MEETINGS**

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

FINANCIAL YEAR	VENUE	DATE & TIME
2004 - 2005	67, Regent Chambers, 208, Nariman Point, Mumbai - 400 021.	30th September 2005 at 5 P. M.
2003 - 2004	67, Regent Chambers, 208, Nariman Point, Mumbai - 400 021.	30th September 2004 at 4.30 P. M.
2002 - 2003	67, Regent Chambers, 208, Nariman Point, Mumbai - 400 021.	26th September 2003 at 4.30 P. M.

**Special Resolutions passed in previous 3 Annual General Meetings with requisite majority**

AGM Date	Matter
(i) 30th September 2005	Reappointment of Shri Jitendra K Vakharia as Managing Director for 1 year.
(ii) 30th September 2004	NIL
(iii) 26th September 2003	A. Voluntary Delisting of Company's equity shares from Ahmedabad Stock Exchange B. Reappointment of Shri Jitendra K. Vakharia as Managing Director for 2 years.

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.

Company has complied with most of the applicable mandatory requirements of clause 49 and company has not adopted any of the non-mandatory requirements.

**8. MEANS OF COMMUNICATION**

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

**9 GENERAL SHAREHOLDER INFORMATION**

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

**10 INFORMATION ON DIRECTORS**

Information relating to Director seeking reappointment as required under clause 49 (IV) (G) of the Listing Agreement is given in the notice of Annual General Meeting.

**11 DECLARATION BY THE MANAGING DIRECTOR**

Declaration by the Managing Director under clause 49 (1) (D)(ii) of the Listing Agreement is given below:-

"Pursuant to Clause 49 (1) (D) (ii) of the listing agreement with the Stock Exchanges, I hereby declare that all the Board Members and Senior Management Personnel of the Company have affirmed compliance with the code of conduct for the year ended 31st March 2006".

**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 31<sup>st</sup> March, 2006, 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, we certify that the company has 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.

Report

For **N.B. SHAH & ASSOCIATES**  
**CHARTERED ACCOUNTANTS**

Place: **MUMBAI**

**P.T. POLADIA**  
**PARTNER**  
**M.NO.38757**

Dated: 31<sup>st</sup> July 2006

**Information for Shareholders****1. ANNUAL GENERAL MEETING:**

Day, Date & Time: Saturday, 30th September 2006, 4. 00 P. M.

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

**2. FINANCIAL CALENDAR (TENTATIVE )**

Financial Year : 1st April 2006 to 31st March 2007

Unaudited results for the quarter ending 30th June, 2006 :  
4th week of July 2006.

Unaudited results for the quarter ending 30th September, 2006:  
4th week of October 2006.

Unaudited results for the quarter ending 31st December, 2006:  
4th week of January 2007.

Audited results for the year ending 31st March, 2007:  
4th week of May / June 2007.