

*18th
Annual Report
2006-2007*

**EVERLON
SYNTHETICS
LIMITED**

EVERLON SYNTHETICS LIMITED

ACCOUNTING YEAR ENDED
31st MARCH 2007ASSESSMENT YEAR
(2007-2008)

CONTENTS

Sr. No.	Particulars	Page No.
1.	Board of Directors	01
2.	Notice	02
3.	Corporate Governance Report	05
4.	Director's Report, Management Discussion and Analysis Report	11
5.	Auditor's Report	15
6.	Balance Sheet	18
7.	Profit & Loss Account	19
8.	Cash Flow Statement	20
9.	Schedule Forming Balance Sheet & Profit and Loss A/c	21
10.	Notes on Accounts	27
11.	Balance Sheet Abstract	32

18TH ANNUAL REPORT

EVERLON SYNTHETICS LIMITED

BOARD OF DIRECTORS

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

MANAGING DIRECTOR
DIRECTOR
DIRECTOR
DIRECTOR

AUDITORS

M/s.N.B SHAH & ASSOCIATES,
(Chartered Accountants)
C-81, Anant Chhaya, 353/3, R. B. Mehta Marg,
Ghatkopar (E), Mumbai - 400 077.

BANKERS

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

REGISTERED OFFICE

67, Regent Chambers,
208, Nariman Point, Mumbai - 400 021.
E-mail : everlon@rediffmail.com

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 DYNAMIC (INDIA) PVT. LTD.
17/B, DENA BANK BUILDING, 2ND FLOOR, HORNIMAN CIRCLE,
FORT, MUMBAI - 400 001.
TEL NO: 22702485/ 22641376 FAX NO: 2264 1349
E-mail : Sharexindia@vsnl.com

EVERLON SYNTHETICS LIMITED

NOTICE

Notice is hereby given that the 18th Annual General Meeting of the Members of the Company will be held on Tuesday the 14th August 2007 at 4.00 pm 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, 2007, together with the Reports of the Directors & Auditors thereon.
2. To appoint a Director in place of Shri Dinesh P. Turakhia who retires by rotation and being eligible offers himself for re-appointment.

SPECIAL BUSINESS

3. To consider and if thought fit to pass with or without modifications following Resolutions as an Ordinary Resolution:
"RESOLVED THAT M/s. Poladia & Company, Chartered Accountants, be and hereby appointed auditors of the company to fill the vacancy caused by the resignation of M/s. N. B. Shah Associates, Chartered Accountants, who have expressed their unwillingness to be reappointed and come to hold office from the conclusion of this meeting until conclusion of next annual general meeting on payment of such remuneration as may be decided by the Managing Director in consultation with M/s. Poladia & Company, Chartered Accountants and they shall be entitled to out of pocket expenses and other charges for the services rendered by them in other capacity.
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 2 years with effect from 1st October 2007 upon the terms and conditions and payment of remuneration 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, 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 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 in case of loss or inadequate profit in any financial year during the tenure of Managing Director, he shall be paid the remuneration set out in Explanatory Statement as minimum remuneration."
"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 a Special Resolution:
"RESOLVED THAT pursuant to the provisions of Section 149 (2A) and all other applicable provisions if any of the Companies Act 1956, consent of the Company be and is hereby accorded to the commencement by the Company of all or any of the business relating to Information Technology Enabled Services (ITES) specified in Clause 56 of Other Objects (C) being Clause III of Memorandum of Association of the Company."

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

Place: Mumbai
Dated: 30th June, 2007
Registered Office
67, Regent Chambers,
208, Nariman Point, Mumbai - 21.

18TH ANNUAL REPORT

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 10th August 2007 to Tuesday 14th August 2007, (both days inclusive) for the purpose of Annual General Meeting.
- c) Explanatory Statement in respect of items of Special Business is attached herewith.
- d) The Members are requested to:
- I) Intimate immediately any change in their address to Company's Registrar and Share Transfer Agents M/s.Sharex Dynamic (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 Dynamic (India) Pvt.Ltd. for consolidation of their folios, in case they are having more than one folio.
- e) Unpaid / Unclaimed Dividend:
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. Accordingly, the company has transferred all unclaimed dividend to the Fund in respect of Financial Year upto 31st March 1998.

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

(Item No. 3 of Notice)

M/s. N. B. Shah & Associates, Chartered Accountants, present auditors of the Company have expressed their unwillingness to be re-appointed by submitting their resignation. M/s. Poladia & Company, Chartered Accountants, have given their consent to act as Auditors of the Company for Financial Year 2007-2008.

In terms of provisions of Section 224 of the Companies Act, 1956, the appointment is required to be approved by the members.

The Board recommend the Resolution for members approval.

No Directors of the Company is concerned or interested in this Resolution.

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 2007. The Board of Directors (the Board) of the company at their meeting held on 30th June, 2007 have re-appointed him as the Managing Director for a further period of 2 year with effect from 1st October 2007 on following terms and conditions and payment of remuneration:

Salary : The Managing Director shall be paid monthly salary of Rs.20,000/- with yearly increments upto 10% to be decided by Board of Directors.

Perquisites : The Managing Director shall be entitled to following perquisites:

- (i) Company shall provide free of cost gas, water, electricity and furnishings at the residence of Managing Director.
- (ii) Medical Reimbursement for self and family subject to ceiling of 1 month's salary in a year.
- (iii) Leave Travel concession for self and family once in a year.
- (iv) Personal Accident Insurance of an amount the annual premium of which not exceed Rs.5000 p.a.
- (v) Provision of car for use on Company's business (use of car for private purpose shall be billed by the company).
- (vi) Telephone at residence, personal long distance calls shall be billed by the company.
- (vii) Managing Director shall also be entitled to Provident Fund, Superannuation and Gratuity.
- (viii) Reimbursement of all expenses incurred for the business of 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 to avail services of Shri Jitendra K. Vakharia as Managing Director.

 EVERLON SYNTHETICS LIMITED

In case of loss or inadequacy of profit in any financial year, the Managing Director be paid above remuneration as a minimum remuneration.

The Remuneration Committee of the Company at its meeting held on 30.6.07 has approved above payment of remuneration to the Managing Director.

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

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

The Board recommends the Special Resolution for approval of members.

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.

Commencement of New Business (Item No.5 of Notice)

The Company presently carries on business of manufacturing and marketing of textile products.

After careful consideration, the Board of Directors have decided to commence the business activities in the field of Information Technology Enabled Services (ITES) which is permitted under Clause 56 of Other Objects of Memorandum of Association of the Company. The proposed business activities can be combined advantageously with the existing business of the company. It is proposed to create a separate division by the name of "Everlon Infotech" for the new business.

In terms of the provisions of Section 149 (2A) of the Companies Act 1956, the commencement of new business activity is required to be approved by members by passing a Special Resolution. The Company's Memorandum of Association is open for inspection at the Company's Registered Office during business hours on any working day till the date of meeting.

The Board recommends the Special Resolutions for approval of members.

No directors of the Company is concerned or interested in this Resolution.

By order of Board of Directors

JITENDRA K. VAKHARIA
(MANAGING DIRECTOR)

Place: Mumbai

Dated: 30th June, 2007

Registered Office

67, Regent Chambers,
208, Nariman Point, Mumbai - 21.

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

(As per clause 49 (VI) (A) of the Listing Agreement)

A.	Name of Director	Shri Dinesh P. Turakhia	Shri Jitendra K. Vakharia
B.	Date of Birth	25.09.1942	10.05.1956
C.	Date of Appointment	06.12.2002	19.12.1989
D.	Expertise in specific functional areas	19 years experience in yarn business	27 years experience in yarn business
E.	Qualifications	D.E.E.	B.Sc
F.	Name of Companies in which directorship held as on 31st March, 2007	— Nil —	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 is a Director as on 31st March 2007	_____	_____
H	No.of equity shares of Rs.10/- each of the company held as on 31st March 2007	500	500000

18TH 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 2006-2007 7 (including one adjourned meeting) Board Meetings were held on 13th May 2006 (Adjourned to 20th May 2006) 30th June 2006, 31st July 2006, 31st October 2006, 2nd January 2007 and 31st January 2007.

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	No. of Board Meetings Attended	Attendance at last AGM	No. of other Directorships (As on 31st March 2007 in other companies *	No of other Committees	
						Member ship	Chairman ship
1	Shri Jitendra K. Vakharia Managing Director	ED (P)	7	Yes	5	—	—
2	Smt. Varsha J. Vakharia	NED (P)	6	Yes	5	—	—
3	Shri Dinesh P. Turakhia	NED (I)	6	Yes	Nil	—	—
4	Shri Kamlesh Sanghvi (w.e.f. 31-7-06)	NED (I)	4	Yes	Nil	—	—
5	Shri Dileep K. Gupte (upto 31-7-06)	NED (I)	1	—	—	—	—
		NED (I)	2	N.A.	N.A.	N.A.	N.A.

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 2006-2007, 6 meetings (including one adjourned meeting) of the committee were held as under 13th May 2006, (adjourned to 20th May 2006) 30th June 2006, 31st July 2006, 31st October 2006 and 31st January 2007. Details of composition of the committee and attendance of the members are given below:

Sr.No.	Name	Designation	Category	No of meetings Attended
1)	Shri Dinesh P. Turakhia	Chairman	NED (I)	5
2)	Shri Jitendra K. Vakharia	Member	ED (P)	6
3)	Shri Dileep K. Gupte (upto 31.07.06)	Member	NED (I)	2
4)	Shri Kamlesh Sanghavi (w.e.f. 31.07.06)	Member	NED (I)	3

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 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 2007: Shri Jitendra K. Vakharia — 500000, Smt. Varsha J. Vakharia — 139495 Shri Dinesh P. Turakhia — 500 and Shri Kamlesh Sanghavi nil.

5. SHAREHOLDERS/INVESTORS GRIEVANCES COMMITTEE

During the year Share Transfer Committee held 12 meetings and a meeting of the shareholders/ Investors Grievances Committee was also held on 10th March, 07. The Composition of the Committee is as under:

Sr.No.	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 dividend/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 Dynamic (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 Companies.

The total number of complaints received from the Shareholders were three. 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 2007. The same was completed by 15.04.2007.

18TH 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
2005-2006	67, Regent Chambers, 208, Nariman Point, Mumbai - 400 021.	30th September 2006 at 4 P. M.
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.

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

AGM Date	Matter
(i) 30th September 2006	Reappointment of Shri Jitendra K Vakharia as Managing Director for 1 year.
(ii) 30th September 2005	Reappointment of Shri Jitendra K Vakharia as Managing Director for 1 year.
(iii) 30th September 2004	NIL

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 2007".

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, 2007, 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.

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

P.T. POLADIA
PARTNER
M NO.38757

Place : Mumbai
Dated : 30/06/2007

INFORMATION FOR SHAREHOLDERS**1. ANNUAL GENERAL MEETING:**

Day, Date & Time: Tuesday, 14th August 2007, 4. 00 P. M.
Venue: 67, Regent Chambers, 208, Nariman Point, Mumbai - 400 021.

2. Financial Year : 1st April 2007 to 31st March 2008**3. BOOK CLOSURE DATES ON ACCOUNT OF ANNUAL GENERAL MEETING:**

Friday 10th August 2007 to Tuesday 14th August 2007 (Both days inclusive)

4. LISTING OF SHARES ON STOCK EXCHANGE

The equity shares of the company are listed on Mumbai and Ahmedabad Stock Exchange.

The Company's application for voluntary delisting of its Equity Shares from Ahmedabad Stock Exchange is still pending with Ahmedabad Stock Exchange. The Annual Listing Fees for the year has been paid to the Mumbai Stock Exchange.