

20th
Annual Report
2008-2009

EVERLON
SYNTHETICS
LIMITED

EVERLON SYNTHETICS LIMITED

ACCOUNTING YEAR ENDED
31st MARCH 2009

C O N T E N T S

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EVERLON SYNTHETICS LIMITED

BOARD OF DIRECTORS

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

MANAGING DIRECTOR
DIRECTOR
DIRECTOR
DIRECTOR

AUDITORS

M/s. POLADIA & COMPANY
(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.

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 20th Annual General Meeting of the Members of the Company will be held on Friday 28th August 2009 at 11.30 am 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, 2009, together with the Reports of the Directors & Auditors thereon.
- 2 To appoint a Director in place of Shri Kamlesh C. Sanghavi who retires by rotation and being eligible offers himself 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 the modifications the 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 2009 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, 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 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 if any financial year during the tenure of Managing Director, he shall 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."

Place: Mumbai

Dated: 30th June 2009

Registered Office

67, Regent Chambers,

208, Nariman Point, Mumbai - 400 021.

By Order of Board of Directors

— Sd —

JITENDRA K. VAKHARIA

(MANAGING DIRECTOR)

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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 20th August 2009 to Saturday 29th August 2009 (Both days inclusive) for the purpose of Annual General Meeting.
- c) Explanatory Statement in respect of item 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 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 2009. The Board of Directors (the Board) of the company at their meeting held on 30th June 2009 have re-appointed him as the Managing Director for a further period of 2 years with effect from 1st October 2009 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 the Board of Directors

Perquisites: The Managing Director shall be entitled to the 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.

EVERLON SYNTHETICS LIMITED

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. 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 30.6.09 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.

By order of Board of Directors

— sd —

JITENDRA K. VAKHARIA
(MANAGING DIRECTOR)

Place: Mumbai
Date : 30th June 2009

Details of Directors seeking Re-appointment at the forthcoming Annual General Meeting

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

| | | |
|--|---|--------------------------|
| A. Name of Director | Shri Jitendra K Vakharia | Shri Kamlesh C. Sanghavi |
| B. Date of Birth | 10/05/1956 | 17/12/1959 |
| C. Date of Appointment | 19/12/1989 | 31/07/2006 |
| D. Expertise in specific functional areas | 30 years Experience in yarn business | 25 years in profession |
| E. Qualifications | B.Sc. | Chartered Accountants |
| F. Name of Companies in which directorship held as on 31st March, 2009 | Vakharia Synth P. Ltd. Omkar Texolene P. Ltd. Vakharia Financial Services Ltd. Lasha Inv. & Trading Co.Pvt.Ltd. Everest Yarn Agency Pvt. Ltd. | Brilliant Water 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 2009 | NIL | |
| H. No.of equity shares of Rs.10/- each of the company held as on 31st March 2009 | 500400 | |
| I. Inter-se Relations among Directors | He is related to Smt Varsha J. Vakharia | NIL |

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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 2008-2009, 5 Board Meetings were held on 26th April 2008, 30th June 2008, 31st July 2008, 31st October 2008 and 30th January 2009.

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 2008 in other companies * | No of other Committees | |
|---------|--|--------------------------|--------------------------------|------------------------|--|------------------------|---------------|
| | | | | | | Member ship | Chairman 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 | NIL | | |
| 4 | Shri Kamlesh C. Sanghavi | NED (I) | 5 | Yes | 1 | | |

ED (P) - Executive Director, Promoter, NED (P) - Non Executive Director, Promoter, NED (I) -

Non Executive Director, Independent * Including Directorships in Private Limited Companies

Shri Jitendra K. Vakharia and Smt. Varsha J. Vakharia are related to each other.

EVERLON SYNTHETICS LIMITED

3 . AUDIT COMMITTEE

During the financial year 2008-2009, 4 meetings of the committee were held as under: 30th June 2008, 31st July 2008, 31st October 2008 and 30th January 2009. 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) | 4 |
| 2) | Shri Jitendra K. Vakharia | Member | ED (P) | 4 |
| 3) | Shri Kamlesh C. Sanghavi | Member | NED (I) | 4 |

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 remuneration committee of the Board comprises 3 Directors namely, Shri Dinesh P. Turakhia Chairman, Shri Kamlesh.C. Sanghavi, Member and Smt. Varsha J. Vakharia, member. No meeting of Remuneration Committee was held during the financial year, as there was no matter to be dealt with by the Committee. The term of reference of the Committee are as specified in schedule XIII of the Companies Act 1956 and Clause 49 of the Listing Agreement with Stock Exchanges. The Managing Directors remuneration details for the financial year 2008-2009 are given below:-

| Name | Salary | Commission | Perquisites | Total | Tenure of years |
|--------------------------|--------|------------|-------------|--------|-----------------|
| Shri Jitendra K Vakharia | 240000 | — | — | 240000 | 2 |

Notice period for the Managing Director is an applicable to the senior employee of the company. No servance fee is payable to the Director on termination of employment. The Company does not have a scheme of stock options for the Directors or employees. The sitting fees paid for the financial year ended 31st March 2009 to the non-executive Directors for attending the Board/Committee meetings are as follows:-

Shri D.P. Turakhia Rs. 2500/-, Shri K.C. Sanghavi Rs.2500/- and Smt. Varsha J.Vakharia Rs. 2500/-. The no of equity shares of the company held by non-executive Directors as on 31st March 2009 are as follows:-

Shri D.P. Turakhia 500, Shri K.C. Sanghavi - NIL and Smt. Varsha J.Vakharia 273320.

5 . SHAREHOLDERS/INVESTORS GRIEVANCES COMMITTEE

During the year Share Transfer Committee held 10 meetings and a meeting of the shareholders / Investors Grievances Committee was also held on 14th March, 2009. 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 Corporate 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 requests pending for dematerialisation as on 31st March 2009

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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 |
|----------------|--|-----------------------------------|
| 2007-2008 | 67, Regent Chambers, 208, Nariman Point, Mumbai - 400 021. | 23rd August 2008 at 4.30 P. M. |
| 2006-2007 | 67, Regent Chambers, 208, Nariman Point, Mumbai - 400 021. | 14th August 2007 at 4 P..M. |
| 2005 - 2006 | 67, Regent Chambers, 208, Nariman Point, Mumbai - 400 021. | 30th September 2006 at 4 P. M. |

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

| AGM Date | Matter |
|---------------------------|---|
| (i) 23rd August 2008 | Nil |
| (ii) 14th August 2007 | (a) Reappointment of Shri Jitendra K Vakharia as Managing Director for 2 years. |
| | (b) Commencement of business relating to Information Technology Enabled Services. |
| (iii) 30th September 2006 | Reappointment of Shri Jitendra K Vakharia as Managing Director for 1 year. |

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 constituted a Remuneration Committee which is a non-mandatory requirement.

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 2009".

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, 2009, 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 POLADIA & CO.,
CHARTERED ACCOUNTANTS

Sd _____
P.T. POLADIA
PROPRIETOR
M.NO.38757

Place : Mumbai
Dated : 30th June 2009

INFORMATION FOR SHAREHOLDERS**1 Annual General Meeting:-**

Day, Date & Time: Friday 28th August 2009, at 11.30 A.M.
Venue: 67, Regent Chambers, 208, Nariman Point, Mumbai - 400 021.

2 Financial Year : 1st April 2009 to 31st March 2010**3 Book Closure Dates on account of Annual General Meeting:**

Thursday 20th August 2009 to Saturday 29th August 2009 (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.