

EVERLON
SYNTHETICS
LIMITED

23 RD
ANNUAL REPORT
(2011 - 2012)

ACCOUNTING YEAR ENDED
31st MARCH 2012

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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	KAMLESH C. SANGHAVI	DIRECTOR

AUDITORS

M/s. POLADIA & COMPANY
(Chartered Accountants)
C-81, Anant Chhaya, 353/3 R. B. Mehta Marg,
Ghatkopar (E), MUMBAI – 400 077.

BANKERS

JANATA SAHAKHARI BANK LTD., PUNE
INDIAN OVERSEAS BANK
IDBI BANK

REGISTERED OFFICE

67, Regent Chambers,
208, Nariman Point, Mumbai – 400 021.
E-Mail : everlon@rediffmail.com
www.everlon.in

FACTORY

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 AGENTS

SHAREX DYNAMIC (INDIA) PVT. LTD.
Unit-1, Luthra Ind. Premises, Safed Pool ,
Andheri Kurla Road, Andheri (E), Mumbai – 400 072.
Tel: 2851 5606/ 2851 5644 • Fax: 2851 2885
E-mail : sharexindia@vsnl.com

NOTICE

Notice is hereby given that the 23rd Annual General Meeting of the Members of the Company will be held on Saturday 25th August 2012 at 11.30 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 2012, 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.

Place : Mumbai
Dated: 30th May 2012

Registered Office :
67, Regent Chambers,
208, Nariman Point,
Mumbai – 400 021.

By order of the Board of Directors
— Sd —
J. K. VAKHARIA
MANAGING DIRECTOR

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 17th August 2012 to Saturday 25th August 2012 (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 Agents M/s. Sharex Dynamic (India) Pvt. Ltd., Unit-1, Luthra Ind. Premises, Safed Pool, Andheri Kurla Road, Andheri (East) Mumbai - 400 072. 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 Share 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 Share Transfer Agents M/s. Sharex Dynamic (India) Pvt. Ltd. for consolidation of their folios, in case they are having more than one folio.
- d) Green Initiative for Paperless Communications:
The Ministry of Corporate Affairs ("MCA") has taken a 'Green Initiative in Corporate Governance by allowing paperless compliances by Companies through electronic mode. In accordance with recent circular bearing no.17/2011 dated 21.04.2011 issued by the Ministry of Corporate Affairs (MCA), Companies can now send various notices/documents to their shareholders through electronic mode to the registered e-mail addresses of the shareholders.

This is a golden opportunity for every shareholder of the Company to contribute to the Corporate Social Responsibility initiative of the Company.

As per the said MCA circular, the Company is attaching herewith E-Communication Registration Form /letter to Equity shareholders for providing advance opportunity to register their e-mail address with the Company or Depository Participant and changes therein from time to time.

Equity Shareholders holding shares in physical form can avail the said facility to enable the Company to send the notice/documents through electronic mode. They should download the form from the Company's website (www.everlon.in) and forward the same to Company's Registrar and transfer agents i.e. Sharex Dynamic (India) Pvt. Ltd., Unit: Everlon Synthetics Ltd., Unit-1, Luthra Ind. Premises, Safed Pool, Andheri-Kurla Road, Andheri (E) Mumbai - 400 072. Tel: 2851 5506 / 2851 5644, Fax No: 2851 2855. The Shareholders holding shares in demat mode can register their e-mail address with their Depository Participant, in the event they have not done so earlier for receiving notices/documents through Electronic mode.

Place : Mumbai
Dated: 30th May 2012

By order of the Board of Directors
— Sd —
J. K. VAKHARIA
MANAGING DIRECTOR

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 Kamlesh C. Sanghavi
B Date of Birth	17/12/1959
C. Date of Appointment	31/07/2006
D. Expertise in specific functional areas	28 years in profession
E. Qualifications	Chartered Accountants
F. Name of Companies in which Directorship held as on 31st March'12	Kans Trading Pvt.Ltd., (Formerly known as 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 2012.	---- NIL ----
H. No. of equity shares of Rs.10/- each of the company held as on 31st March 2012	-----
I Inter-se Relations Among Directors	-----

CORPORATE GOVERNANCE REPORT

In compliance with Clause 49 of the Listing Agreement with the 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 2011-2012, 6 Board Meetings were held on 30th May 2011, 13th August 2011, 18th October 2011, 8th November 2011, 3rd January 2012 and 4th February 2012. 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 A.G.M.	No of other Directorship (As on 31st March, '12) in other companies	No of other Committees Membership	No of other Committees Cheirmanship
1.	Shri Jitendra K. Vakharia Managing Director	ED (P)	6	Yes	7	-----	-----
2.	Smt. Varsha J. Vakharia	NED (P)	6	Yes	7	-----	-----
3.	Shri Dinesh P. Turakhia	NED (I)	6	Yes	NIL	-----	-----
4.	Shri Kamlesh C. Sanghavi	NED (I)	6	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

3. **Audit Committee**
During the Financial Year 2011-2012, 4 meetings of the committee were held as under:-
30th May 2011, 13th August 2011, 8th November 2011 and 4th February 2012.
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. One meeting of Remuneration Committee was held on 30th May 2011 which was attend by all 3 members. The terms 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 2011-2012 are given below:-

Name	Salary	Commission	Perquisites	Total	Tenure of years
Shri Jitendra K. Vakharia	Rs. 360000/- p.a.	————	————	Rs. 360000/- p.a.	5 years from 1/10/2011

Notice period for the Managing Director is as applicable to the senior employee of the company. No severance 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 2012 to the non-executive Directors for attending the Board/Committee meetings are as follows:-

Shri D.P. Turakhia Rs.3000/- Shri K.C. Sanghavi Rs.3000/- and Smt. Varsha J. Vakharia Rs.3000/-.

The number of equity shares of the company held by non-executive Directors as on 31st March 2012 are as follows:-

Shri D.P. Turakhia 500 equity shares, Shri K.C. Sanghavi - NIL and Smt. Vasha J. Vakharia 273320 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 14th March, 2012. 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 the 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 nil. All 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 2012.

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
2010-2011	67, Regent Chambers, 208, Nariman Point, Mumbai – 400 021.	13th August 2011 at 11.30 A.M.
2009-2010	67, Regent Chambers, 208, Nariman Point, Mumbai – 400 021.	14th August 2010 at 11.30 A.M.
2008-2009	67, Regent Chambers, 208, Nariman Point, Mumbai – 400 021.	28th August 2009 at 11.30 A.M.

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

AGM Date	Matter
(i) 13th August 2011	Reappointment of Shri Jitendra K.Vakharia as Managing Director for 5 years.
(ii) 14th August 2010	Nil
(iii) 28th August 2009	Reappointment of Shri Jitendra K.Vakharia as Managing Director for 2 years

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 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). The results will also be displayed on Company's website at www.everlon.in.

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(I V) (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 2012."

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 2012, 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
(Firm Regn No. 128274W)
— Sd —

P.T. POLADIA
PROPRIETOR
M.NO. 38757

Place: Mumbai
Dated: 30th May 2012

INFORMATION FOR SHAREHOLDERS

- Annual General Meeting:-**
Day, Date & Time : Saturday 25th August 2012 at 11.30 A.M.
Venue: 67, Regent Chambers, 208, Nariman Point, Mumbai - 400 021.
- Financial Year :** April 2011 to 31st March 2012
- Book Closure Dates on account of Annual General Meeting:**
Friday 17th August 2012 to Saturday 25th August 2012 (Both days inclusive)
- 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.
- STOCK CODES**

Name of the Stock Exchange	Stock Code
The Stock Exchange, Mumbai	514358
The Ahmedabad Stock Exchange	16730
- Market Price Data**
Share prices at Bombay Stock Exchange Ltd., during the year 2011-12 for one equity share of Rs.10/- each are as under:-

Month	SHARE PRICE (RS.)	
	High	Low
April, 2011	16.69	12.43
May, 2011	15.00	11.26
June, 2011	14.89	10.50
July, 2011	15.00	10.21
August, 2011	12.35	9.45
September, 2011	10.18	9.01
October, 2011	10.44	9.45
November, 2011	12.54	10.21
December, 2011	11.78	10.75
January, 2012	12.60	10.30
February, 2012	12.00	10.17
March, 2012	11.50	9.52

- REGISTRAR AND SHARE TRANSFER AGENTS**
Sharex Dynamic (India) Pvt. Ltd.
Unit-1, Luthra Ind. Premises, Safed Pool ,
Andheri Kurla Road, Andheri (E),
Mumbai – 400 072.
Tel: 2851 5606/ 2851 5644
Fax: 2851 2885 E-mail : sharexindia@vsnl.com
- Share Transfer System**
The Company has appointed M/s. Sharex Dynamic (India) Pvt.Ltd., as its Registrar and Share Transfer Agent. Presently the share transfers which are received in physical form are processed and the share certificates duly transferred are returned generally within 30 days from the date of the receipt, subject to the documents being valid and complete in all respects.
- Insider Trading Regulations :**
The Company has framed a Code of Internal procedures and conduct for prevention of Insider Trading on the lines of model code specified by SEBI.

10. Distribution of Shareholding as on 31st March 2012

Size of Holdings	No of Holders	% of Holders	No. of Shares	% of Shares
Upto 101 to 201 to 501 to 1001 to 5001 to 10001 to 100001 to	100 554 1400 550 204 112 11 16 13	19.37 48.95 19.23 7.13 4.92 0.38 0.56 0.45	47585 278994 216939 161728 267221 75664 535127 3462342	0.94 5.53 4.30 3.21 5.30 1.50 10.61 68.62
Total	2860	100.00	5045600	100.00%

SHAREHOLDING PATTERN AS ON 31ST MARCH 2012

Category	No. of Shares held	% of Shareholding
Indian Promoters	2869752	56.876
Private Corporate Bodies	65426	1.297
Indian Public	1643240	32.568
NRI's / OCB's	467182	9.259
Total	5045600	100%

11. Dematerialisation of Shares & liquidity

As at 31st March, 2012, 89.03% of total equity shares of the company were held in dematerialized form with National Securities Depository Ltd., (NSDL) and Central Depository Services (India) Ltd. (CDSL). The Company's equity shares are required to be compulsorily traded in the dematerialisation form. The shares are available for dematerialisation under ISIN INE 339D01018. The request for dematerialisation of shares are processed and generally confirmed within 15 days of receipt

12. Outstanding GDRs/ ADRs/Warrants/Convertible Instruments :

Company has no outstanding GDRs/ADRs/Warrants or any Convertible Instruments.

13. Plant Locations :

Plot No.265/7/1, Opp. Blue Star Ltd.,
Demni Road, Dadra – 396 191 (D. & N.H.)

14. Address for correspondence

Registered Office :

67, Regent Chambers,
208, Nariman Point,
Mumbai – 400 021.
Tel: 2204 9233, 2204 2788
Fax: (022) 2287 0540
Email: everlon@rediffmail.com
Website:- www.everlon.in

EVERLON SYNTHETICS LIMITED
DIRECTOR'S REPORT

To,

The Members,

The Board of Directors present the 23rd Annual Report together with Audited Statement of Accounts for the year ended 31st March, 2012 along with the cash flow statements:

1. OPERATIONS AND FINANCIAL RESULTS

	Year Ended 31/03/2012 (Rs. In Lacs)	Year Ended 31/03/2011 (Rs. in Lacs)
Sales	4260.31	2620.13
Other Income	7.35	8.59
Exceptional Items	67.33	0.00
Profit for the year before Depreciation & Tax	133.94	120.33
Less : Depreciation	31.47	54.62
Profit before Tax	102.47	65.71
Less : Provision for Tax	20.00	13.00
Profit after tax	82.47	52.71
Add: Extraordinary items	0.67	4.45
Profit for the year	81.80	57.16
Profit/ (Loss) Brought forward from previous year	(347.57)	(404.74)
Profit/ (Loss) carried to Balance Sheet	(265.77)	(347.57)

2. PERFORMANCE

Your Company has managed to achieve reasonable good performance during the year inspite of difficult market conditions.

The company has produced 3904.04 tons against 2649.73 tons during the previous year resulting in sales turnover of Rs.4260.31 lacs as against Rs. 2620.13 lacs during the previous year.

3. DIVIDEND

Directors do not recommend any dividend due to the accumulated losses suffered by the company.

4. DIRECTORS

Shri Kamlesh C. Sanghavi retire by rotation and being eligible offers himself for reappointment.

5. AUDITORS

M/s. Poladia & Co. Chartered Accountant have given their consent for re-appointment for F. Y. 2012-2013. Members are requested to re-appoint them.

6. 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.

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

It is hereby confirmed that in respect of Financial Year ended on 31/03/2012.

- In the preparation of annual accounts, the applicable accounting standards have been followed.
- The 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 31/03/2012 and of the profit of the company for that period.
- 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.
- The Directors have prepared the Annual Accounts on a going concern basis.

8. DEMERGER

Board of Directors have approved a Scheme of Arrangement/Demerger of Investment business of the company viz Everlon Synthetics Ltd (ESL) into Vakharia Power Infrastructure Ltd., (VPIL)

- The Company has received a No Objection Letter dated 13th February 2012 from Bombay Stock Exchange Ltd., .
- In term of Directions given by Hon'ble Bombay High Court, a meeting of Equity Shareholders and Unsecured Creditors of the company is proposed to held on 16th June 2012, for approval of Scheme of Arrangement/Demerger of the Investment business of the company viz Everlon Synthetics Ltd (ESL) into Vakharia Power Infrastructure Ltd., (VPIL) and also for approval of reduction of Equity Share Capital/ Capital Reserve of the Company (ESL).
- The Authorised Share Capital of ESL consisting of 60,00,000 Equity Shares of Rs. 10/- each shall be reorganized to 6,00,00,000 Equity share of Re.1/- each. The paid up capital of ESL shall be reduced from Rs.5,04,56,000/- consisting of 50,45,600 Equity share of Rs.10/- each to Rs.3,02,73,600/- consisting of 3,02,73,600 Equity share Re.1/- fully paid, by reduction of Rs.4/- per share in the paid up value of Rs.10/- per share.
- Upon coming into effect of the Scheme, the members of ESL whose names appear in the Register of Member on Record date would be entitled to Equity Shares in VPIL as under: "One Equity share of VPIL of the face value of Re.1/- for every one Equity share held in ESL of the face value of Re.1/-."

9. AUDITORS REPORT

Auditors remarks on change in method of depreciation are self explanatory and do not call for any further comments.

10. CORPORATE GOVERNANCE

Pursuant to clause 49 of The Listing Agreement with the Bombay Stock Exchange, Management Discussion and Analysis Report, Corporate Governance Report and Auditors Certificate regarding compliance of Corporate Governance are made a part of the Annual Report.

11. SUBSIDIARY COMPANY

A Statement u/s. 212 of the Companies Act 1956 in respect of subsidiary company is attached herewith. In accordance with the general circular issued by the Ministry of Corporate Affairs, Government of India, the Balance Sheet, and other documents of the subsidiary company is being attached with the Balance Sheet of the Company. The Consolidated Financial Statements presented by the Company include the financial results of its subsidiary company.

M/s. Everlon Power Ltd., has ceased to be a subsidiary of the company w.e.f. 20th March 2012.

M/s. Vakharia Power Infrastructure Ltd., has been incorporated on 9th September 2011 as a Wholly Owned Subsidiary of the Company for business of power plants, infrastructure etc.

12. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS / OUTGO

The Statement giving particulars of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo is Annexed hereto as Annexure 1.

13. DEPOSITS

The Company has not accepted any Deposits from the Public.

14. 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

— sd —

J. K. VAKHARIA

MANAGING DIRECTOR

— sd —

V. J. VAKHARIA

DIRECTOR

Place : Mumbai

Dated : 30th May 2012

ANNEXURE 1 TO DIRECTOR'S REPORT 2011-2012

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.

I. CONSERVATION OF ENERGY :**a. Conservation Measures taken:**

The Company is regularly making efforts for enhancement in capacity utilization, cost competitiveness and quality improvement of products. Utilities are being combined for effective energy conservation.

b. Additional investment 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.

II 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:

a POWER AND FUEL CONSUMPTION:	2011-2012	2010-2011
1. Electricity		
(a) Purchases Units (Lacs)	47.65	32.17
Total Amounts (Rs. in lacs)	193.08	105.06
Rate per Unit (Rs.)	4.05	3.21
(b) Own Generation:		
Through Diesel Generator		
Units (in lacs)	---	---
Units per Ltr. of Diesel Oil	---	---
Cost per Units (Rs.)	---	---
2. Coal	---	---
3. Furnace Oil	---	---
4. Other / Internal Generation Steam	---	---

b. CONSUMPTION PER UNIT OF PRODUCTION :

(Product : Polyester Texturised Yarn)

(Product : Polyester Twisted Yarn)

1. Electricity (Unit per M.T.)	1225	1235
2. Coal (Kg)	—	—
3. Furnance Oil Liter	—	—
4. Steam (Tons)	—	—

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 EARNINGS 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 (Rs.in Lacs)	—	11.62
3. F.O.B. Value of exports (Rs.in Lacs)	0.78	—

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A. Industry Outlook

The Company expects growth in demand for Polyester Texturised Yarn. The Company does not foresee any major threats to its growth

B. Opportunities

During the current year the domestic production of POY (Raw Material) is expected to increase by 15% which may result in price advantage for the procurement of raw material by the company.

C. Segment

The Company has only one Reporting Segment namely, Textiles.

D. Risk And Concerns

High power tariff and interest rates are a matter of concern for the company.

E. Internal Control Systems

The Management also reviews the control systems and procedures periodically to upgrade them.

F. Performance

Financial performance, with respect to operational performance is elaborated in Directors report.

G. Industrial Relations

Harmonious industrial relations continue to prevail during the year. Total number of employees as on 31st March, 2012 were 21.

Cautionary Statement

The statements in the "Management Discussion and Analysis Report" section describes the Company's objectives, projections, estimates, expectations and predictions, which may be "forward looking statements" within the meaning of the applicable laws and regulations. The annual results can differ materially from those expressed or implied, depending upon the economic and climatic conditions, Government policies and other incidental factors.

AUDITORS' REPORT

To,
The Members of
EVERLON SYNTHETICS LIMITED

- 1) We have audited the attached Balance Sheet of EVERLON SYNTHETICS LIMITED as at 31st March, 2012 and the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2) We have conducted our audit in accordance with Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. **We believe that our audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our Qualified Audit opinion.**
Basis For Qualified Audit opinion
Hereto Company was following written down value method as per Income-tax Act, 1961 for depreciation in respect of Plant & Machinery. During the year company has changed the method of Accounting by replacing of Written Down Value method to Straight Line Method of Accounting as per schedule XIV of Companies Act, 1956 which resulted in Lower provision of depreciation by Rs.67,33,036/- compared to last year. Had Company followed same depreciation as per last year, the profit would have been lower by that amount and negative balance in Reserves and Surplus would have been higher by that amount.
- 3) As required by Companies (Auditor's Report) Order, 2003, issued by the Central Government in terms of section 227 (4A) of the Companies Act, 1956, we give in the Annexure, a Statement on the matters specified in paragraphs 4 and 5 of the said Order:-
- 4) Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - a) We have obtained all information 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 appears from our examination of those books.
 - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the above books of account.
 - d) In our opinion, the Balance Sheet and Profit and Loss Account and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 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 accounts, read together with the notes thereon, subject to **"Qualified Audit Opinion" as stated above in respect of "change in method of depreciation"** give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
 - i) In the case of the Balance Sheet, of the state of affairs of the Company, as at 31st March 2012.
 - ii) In the case of the Profit and Loss Account, of the Profit of the year ended on that date, and
 - iii) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For **POLADIA & CO.**
CHARTERED ACCOUNTANTS
(Firm Regn No. 128274W)

— sd —
P.T. POLADIA
PROPRIETOR
M NO.38757

Place: Mumbai.
Dated: 30/05/2012

EVERLON SYNTHETICS LIMITED
ACCOUNTING YEAR ENDED 31ST MARCH, 2012
ANNEXURE TO THE AUDITOR'S REPORT
REFERRED TO PARAGRAPH 3 OF OUR REPORT OF EVEN DATE:

- i) a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b) Fixed Assets have been physically verified by the management during the year. In our opinion, the frequency of verification of the fixed assets by the management is reasonable having regard to the size of the Company and the nature of the assets. According to information furnished to us no material discrepancies have been noticed on such verification.
- c) The Fixed Assets disposed off during the year, in our opinion do not constitute a substantial part of the Company and such disposal in our opinion, not affected the going concern status of the Company.
- ii) a) The inventory have been physically verified by the management at reasonable intervals.
- b) In our opinion and according to the information and explanations given to us, the procedures for physical verification of inventory followed by the management were reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) In our opinion the Company has maintained proper records of inventory. The discrepancies between the physical stocks and books were not material and have been properly dealt with in the books of account.
- iii) a) The Company has taken loan from one company covered in register maintained under Section 301 of the Companies Act, 1956. The maximum amount outstanding during the year was Rs.434.40 lacs. The company has not given any loans during the year to parties covered in the register maintained u/s.301 of Companies Act, 1956.
- b) In our opinion, the rate of interest and other terms and conditions on which loans have been taken from companies, or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 are not prima-facie, prejudicial to the interest of the company.
- c) There has been no conditions stipulated as regards to repayment of principal and interest.
- iv) In our opinion and according to the information and explanations provided to us there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regards to Purchase of Inventory, Fixed Assets and for sale of goods. During the course of our audit, no major weakness has been noticed in the internal control.
- v) According to the information and explanations given to us, there are no transactions that need to be entered into the register maintained in pursuance of Section 301 of the Companies Act, 1956. Accordingly, paragraph 4 (v) (b) of the Order is not applicable.
- vi) The Company has not accepted any deposits from public.
- vii) The Company does not have any internal audit system.
- viii) We have broadly reviewed, without carrying out a detailed examination, the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been maintained. We have not however, made detailed examination of the records with a view to determining whether they are accurate or complete.
- ix) a) According to the records and as per information and explanations provided to us, the Company is regular in depositing with appropriate authorities undisputed amount of provident fund, employee state insurance, income tax, sales tax, custom duty, cess and other statutory dues applicable to it.
- b) According to the information and explanations given to us, no undisputed amounts payable in respect of income-tax, wealth tax, sales tax, custom duty, excise duty and cess were in arrears, as at 31st March 2012, for a period of more than six months from the date they became payable.

- c) According to the information and explanations given to us, there are no dues of income tax, wealth tax, sales tax, customs duty, excise duty and cess which have not been deposited on account of any dispute, except mentioned in Item 6 of Note No.28.
- x) In our opinion, the accumulated losses of the Company at the end of the financial year are more than fifty percent of its net worth. The Company has not incurred cash losses during the current financial year and not incurred cash losses during the immediately preceding financial year.
- xi) The Company has not taken loans from financial institution or has not issued debentures to any party, hence the question of default in repayment does not arise.
- xii) In our opinion and according to the information and explanations given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) The Company is not chit/nidhi/mutual benefit fund/society and clause 4 (xiii) of the Order is not applicable.
- xiv) The Company has maintained proper records of the transactions and contracts in respect of dealing or trading in shares, securities, debentures and other investments and timely entries have been made therein. All shares, securities, debentures and other investments have been held by the Company in its own name.
- xv) On the basis of the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- xvi) The Company has applied funds from term loans raised during the year only for the purpose for which those term loans were raised. There is no term loans outstanding at the beginning of the year.
- xvii) According to the information and explanations given to us and on overall examination of the balance sheet and other records of the Company, we are of the opinion that funds, raised on short-term basis have not, prima facie, been used for long term investment and vice versa.
- xviii) During the year, the Company has not made preferential allotment of shares to a party covered in the Register maintained under Section 301 of the Companies Act, 1956.
- xix) The Company did not have any outstanding debentures during the year.
- xx) The Company has not raised any money by public issues during the year.
- xxi) Based on the audit procedures performed and information and explanations given to us by the management, we report that no fraud on or by the Company has not been noticed or reported during the course of our audit.

Place : Mumbai
Dated: 30/05/2012

For **POLADIA & CO.**
CHARTERED ACCOUNTANTS
(Firm Regn No. 128274W)
— sd —
P.T. POLADIA
PROPRIETOR
M.NO.38757