

20th
Annual Report
2008-2009

**EVERLON
SYNTHETICS
LIMITED**

ACCOUNTING YEAR ENDED
31st MARCH 2009

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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

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)

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.

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

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.

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

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".

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.

5 STOCK CODES

Name of the Stock Exchange	Stock Code
The Stock Exchange, Mumbai	514358
The Ahmedabad Stock Exchange	16730

6 MARKET PRICE DATA

Share prices during the year 2008-09 at BSE for one equity share of Rs.10/- each were as under

MONTH	SHARE PRICE (RS.)	
	HIGH	LOW
April, 2008	10.90	7.25
May, 2008	10.48	8.21
June, 2008	9.54	8.00
July, 2008	11.45	8.89
August, 2008	9.80	7.08
September, 2008	9.25	6.80
October, 2008	8.03	4.25
November, 2008	4.68	3.69
December, 2008	3.67	3.38
January, 2009	3.80	3.40
February, 2009	4.00	3.85
March, 2009	4.96	3.69

7 REGISTRAR AND SHARE TRANSFER AGENTS

Sharex Dynamic (India) Pvt. Ltd.,
 17 / B, Dena Bank Building,
 2nd Floor, Fort,
 Mumbai, - 400 001.
 Tel : 2270 2485 / 2264 1376
 Fax : 2264 1349 EAMIL: Sharexindia@vsnl.com

8 SHARE TRANSFER SYSTEM

The Company has appointed M/s. Sharex Dyamic (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.

9 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 2009

Size of Holdings	No. of Holders	% of Holders	No. of Shares	% of Shares
Upto 100	596	18.12	52395	1.04
101 to 200	1574	47.86	313776	6.22
201 to 500	648	19.70	257740	5.11
501 to 1000	243	7.39	200468	3.97
1001 to 5000	157	4.77	354930	7.03
5001 to 10000	29	0.88	239257	4.74
10001 to 100000	30	0.91	1027494	20.36
100001 to Above	12	0.36	2599540	51.52
Total	3289	100.00	5045600	100.00%

SHAREHOLDING PATTERN AS ON 31ST MARCH 2009

Category	No. of Shares held	% of Shareholding
Indian Promoters	2268724	44.964
Banks	300	0.006
Private Corporate Bodies	85135	1.687
Indian Public	1671784	33.134
NRI/OCBS	1019657	20.209
Total	5045600	100%

11 Dematerialisation of Shares & liquidity

As at 31st March, 2009, 78.32% of total equity shares of the company were held in dematerialised 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 dematerialised form. The shares are available for dematerialisation under ISIN INE 339D01018. Requests for dematerialisation of shares are processed and generally confirmed within 15 days of receipt.

2 Outstanding GDRs / ADRs / Warrants / Convertible instruments :

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

13 Plant Locations:

- (A) Plot No. 265 / 7 / 1, Opp. Blue Star Ltd.,
Demni Road, Dadra - 396 191 (D. & N.H.)
- (B) Survey No. 775 / 1 / C, Ozar Road,
Mota Pondha, Taluka: Kaprada,
Dist: Valsad, Gujarat

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

EVERLON SYNTHETICS LIMITED
DIRECTOR'S REPORT

To,

The Members,

The Board of Directors present the 20th Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 2009 along with the cash flow statements:

1. OPERATION AND FINANCIAL RESULTS

	Year Ended 31/03/2009 (Rs. In Lacs)	Year Ended 31/03/2008 (Rs. In Lacs)
Sales	1612.09	1588.73
Other Income	13.83	8.38
Profit / (Loss) for the year before Depreciation & Tax	52.39	54.09
Less: Depreciation	45.89	30.71
Profit / (Loss) before Tax	6.50	23.38
Less :Provision for Tax	0.90	2.70
Profit after tax	5.60	20.68
Add/(Less): Provision for Diminution in value of Investment	(0.73)	0.54
Less: Prior Period adjustment	1.30	0
Profit / (Loss) for the year	3.57	21.22
Loss Brought forward from previous year	<u>(506.87)</u>	<u>(528.09)</u>
Profit / (Loss) carried to Balance Sheet	<u>(503.30)</u>	<u>(506.87)</u>

2. PERFORMANCE

During the year the company has produced 1896.73 tons as against 2107.54 tons during the previous year resulting in sales turnover of Rs. 1612.09 lacs as against Rs. 1588.73 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 retires by rotation and being eligible offers himself for reappointment

Board of Directors have reappointed Shri Jitendra K. Vakharia as Managing Director of the company for a further period of 2 years w.e.f. 1st October 2009.

5. AUDITORS

M/s. Poladia & Co. Chartered Accountant have given their consent for re-appointment for Financial Year 2009-2010. 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 31/03/2009.

- a) In the preparation of annual accounts, the applicable accounting standards have been followed.
- b) 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 31/03/2009 and of the profit of the company for that period.
- c) 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.
- d) The Directors have prepared the Annual Accounts on a going concern basis.

8 AUDITORS REPORT

Auditors remarks regarding Valuation of stock-in-trade of shares and other notes and observations of Auditors are self explanatory and do not call for any further comment.

9 CORPORATE GOVERNANCE

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

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

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

11 DEPOSITS

The Company has not accepted any Deposits from the Public.

12 ACKNOWLEDEMENT

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 _____

_____ sd _____

Place : Mumbai

JITENDRA K. VAKHARIA

VARSHA J. VAKHARIA

Dated: 30th June 2008

MANAGING DIRECTOR

DIRECTOR

ANNEXURE 1 TO DIRECTOR'S REPORT 2008-2009

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 utilisation, cost competitiveness and quality improvement of product. 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.

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:

	2008-2009	2007-2008
A. POWER AND FUEL CONSUMPTION :		
1. Electricity		
(a) Purchases Units (Lacs)	24.91	37.69
Total Amounts (Rs. In lacs)	92.85	113.32
Rate per Unit (Rs.)	3.75	3.00
(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)		
& Polyester Twisted Yarn)		
1. Electricity (Unit per M.T.)	1307	1704
2. Coal (Kg)	---	---
3. Furnace 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 EARNING AND OUT GO :

- a. Activities relating to exports initiative taken to increase)
 export markets for products and services and export) NOT APPLICABLE
 plan.)

 - b. Total Foreign exchange used and earned :
- | | | |
|----------------------------------------------|------|------|
| 1. Expenditure in Foreign Currency . | Ni | Nil |
| 2. Value of Import on CIF basis (Rs.in Lacs) | 2.20 | 1.00 |
| 3. F.O.B. Value of exports (Rs.in lacs) | 1.52 | 0.60 |

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A. Industry Outlook

The Industry Outlook for the current year is promising. The texturing capacity is not increasing in proportion to Polyester POY manufacturing capacity and hence we are confident of procuring POY at competitive rates.

B. Opportunities

Due to lower POY prices, the Company is confident of realising better operating margins.

C. Segment

The Company has only one Reporting Segment namely, Textiles.

D. Risk And Concerns

The prices of raw material are a major irritant for the Company. However, during the year a number of POY Plants are expected to be commissioned, which will result in increased availability of our raw material of yarn in competitive rates.

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 elobrated in Directors report.

G. Industrial Relations

Harmonious industrial relations continue to prevail during the year. Total number of employees as on 31st March, 2009 were 21.

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, 2009 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 provides a reasonable basis of our opinion.
- 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 **except in case of valuation of Stock-in-Trade of shares, where Company hereto was following cost or market value whichever is lower has changed to Valuation at cost. Had the same method would have been followed, profit would have been lower by Rs.9,65,603/- and Debit Balance in Profit and loss account would have been higher by that amount.**
 - 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 above observation in Clause (d)** 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 2009.
 - 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

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

Place : Mumbai.
Dated : 30/06/2009.

EVERLON SYNTHETICS LIMITED

ACCOUNTING YEAR ENDED 31ST MARCH, 2009

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 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 company has not disposed off substantial part of fixed assets during the year and therefore do not affect the going concern.
- 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.202.90 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 primefacie, 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 2009, 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 Note 6 of Schedule 'M'.
- x) In our opinion, the accumulated losses of the Company at the end of the financial year are not 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 not raised any new term loan from banks. 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.

For **POLADIA & CO.**
CHARTERED ACCOUNTANTS

sd

P.T. POLADIA
PROPRIETOR
M.NO.38757

Place : Mumbai
Dated : 30/06/2009

EVERLON SYNTHETICS LIMITED
BALANCE SHEET AS ON 31ST MARCH 2009

Sch.	As On 31st March, 2009 Rupees	As On 31st March, 2008 Rupees
SOURCES OF FUNDS:		
SHAREHOLDER'S FUNDS:		
Capital	A 50487000	50487000
Reserves & Surplus	B <u>18877449</u>	<u>18877449</u>
	69364449	69364449
LOAN FUNDS:		
Unsecured Loans	C 25397141	22755225
TOTAL FUNDS EMPLOYED	<u>94761590</u>	<u>92119674</u>
APPLICATION OF FUNDS:		
FIXED ASSETS		
Gross Block	D 67650697	85847191
Less: Depreciation	<u>35663276</u>	<u>50254586</u>
NET BLOCK	<u>31987421</u>	<u>35592605</u>
INVESTMENTS:	E 671120	743794
CURRENT ASSETS, LOANS & ADVANCES:		
Inventories	7999149	13856316
Sundry Debtors	17915460	4146705
Cash & Bank Balances	2789842	2749584
Loans & Advances	<u>3704806</u>	<u>4060713</u>
	32409257	24813318
LESS: CURRENT LIABILITIES & PROVISIONS	G 20635439	19716666
NET CURRENT ASSETS	<u>11773818</u>	<u>5096652</u>
PROFIT & LOSS ACCOUNT	50329231	50686623
TOTAL APPLICATION OF FUNDS	<u>94761590</u>	<u>92119674</u>

Notes forming part of the Accounts
Accounting Policies

As per our Report of even date
FOR POLADIA & CO
CHARTERED ACCOUNTANTS
— sd —

P.T.POLADIA
(PROPRIETOR)
Membership No. 38757

Place: Mumbai
Date : 30th June 2009

For and on behalf of the
Board of Directors
— sd —

JITENDRA K. VAKHARIA
(MANAGING DIRECTOR)
— sd —

VARSHA J. VAKHARIA
(DIRECTOR)

EVERLON SYNTHETICS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2009.

Sch.	As On 31st March, 2009 Rupees	As On 31st March, 2008 Rupees
Sales (Net)	161209259	158872619
Other Income H	1382804	838219
Increase /(Decrease) In Stock I	<u>(3778415)</u>	<u>3573827</u>
	158813648	163284665
Expenditure:		
Manufacturing Expenses J	150022479	154964840
Sales/Administration & Other Expenses K	2386183	2566919
Interest L	<u>1166088</u>	<u>343180</u>
	153574750	157874939
Net Profit/(Loss) before Exceptional Income, Depreciation & Tax	5238898	5409726
(Less) : Depreciation	<u>(4589202)</u>	<u>(3071272)</u>
Profit/(Loss) before tax	649696	2338454
(Less) : Provision for current tax	<u>(90000)</u>	<u>(270000)</u>
Profit/(Loss) after tax	559696	2068454
Add/(Less) : Prior Period Adjustments	(129630)	0
Add/(Less) : Provision for Diminution in Value of Investment	<u>(72674)</u>	<u>53903</u>
Profit/(Loss) for the year	357392	2122357
Profit/(Loss) brought forward from previous year	(50686623)	(52808980)
Profit/(Loss) C/F to Balance Sheet	<u><u>(50329231)</u></u>	<u><u>(50686623)</u></u>

Notes forming part of the Accounts,
Accounting Policies **M**

As per our Report of even date
FOR POLADIA & CO
CHARTERED ACCOUNTANTS

— sd —
P. T. POLADIA
(PROPRIETOR)
Membership No. 38757

Place: Mumbai
Date : 30th June 2009

For and on behalf of the
Board of Directors

— sd —
JITENDRA K. VAKHARIA
(MANAGING DIRECTOR)

— sd —
VARSHA J. VAKHARIA
(DIRECTOR)

EVERLON SYNTHETICS LIMITED

**CASH FLOW STATEMENT AS PER CLAUSE 32 OF
THE LISTING AGREEMENT**

	2008-2009 (Rs.)	2007-2008 (Rs.)
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net profit/(loss) before Tax and Extraordinary items	649696	2338454
Adjustment for :		
Depreciation	4589202	3071272
(Profit) / Loss on Sale of Assets (Net)	(334532)	(505488)
Dividend Received	(13664)	0
Interest Paid	1166088	343180
(Profit)/Loss on sale of Investments (Net)	(37612)	(6357)
Operating profit before working capital charges	<u>6019178</u>	<u>5241061</u>
Adjustment for :		
Trade and Other Receivables	(14076728)	6272698
Inventories	5857167	(3224181)
Trade Payable	1290349	9277302
NET CASH USED FROM OPERATING ACTIVITIES	<u>(910034)</u>	<u>17566880</u>
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	(1835744)	(25890129)
Sale of Fixed Assets	851726	1506070
Decrease in Investments	72674	29950
Dividend Received	13664	0
Exceptional Income	0	53903
Profit on sale of Assets (Net)	334532	505488
Profit/ (Loss) on sale of Investment (Net)	37612	6357
NET CASH USED FROM INVESTING ACTIVITIES	<u>(525536)</u>	<u>(23788361)</u>
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from Short Term Loans	2641916	6105277
Interest Paid	(1166088)	(343180)
NET CASH FROM INVESTING ACTIVITIES	<u>1475828</u>	<u>5762097</u>
Increase/ (Decrease) in Cash and Cash Equivalents (A+B+C)	<u>40258</u>	<u>(459384)</u>
CASH & CASH EQUIVALENTS :-		
Opening Balance in the begning of the year	2749584	3208968
Closing Balance at the end of the year	2789842	2749584
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS	<u>40258</u>	<u>(459384)</u>

As per our Report of even date
FOR POLADIA & CO
CHARTERED ACCOUNTANTS

— sd —

P.T.POLADIA
(PROPRIETOR)
Membership No. 38757

Place: Mumbai
Date : 30th June 2009

For and on behalf of the
Board of Directors
— sd —

JITENDRA K. VAKHARIA
(MANAGING DIRECTOR)

— sd —

VARSHA J. VAKHARIA
(DIRECTOR)

20TH ANNUAL REPORT
ACCOUNTING YEAR ENDED 31ST MARCH 2009.

SCHEDULES FORMING PART OF BALANCE SHEET	2008-2009 Rupees	2007-2008 Rupees
SCHEDULE - A		
<u>SHARE CAPITAL</u>		
AUTHORISED:		
60,00,000 Equity Shares of Rs.10/- each (Previous year 60,00,000 equity shares of Rs.10/- each)	60000000	60000000
	<u>60000000</u>	<u>60000000</u>
ISSUED		
50,50,800 Equity Shares of Rs.10/- each (Previous year 50,50,800 Equity Shares of Rs.10/- each	50508000	50508000
	<u>50508000</u>	<u>50508000</u>
SUBSCRIBED AND PAID UP		
50,45,600 Equity Shares of Rs.10/- each fully paid up(Previous year 50,45,600 equity shares of Rs.10/- each fully paid up	50456000	50456000
Add:Paid up value of Shares Forfeited (5200 Equity Shares of Rs.10/- each)	31000	31000
TOTAL	<u><u>50487000</u></u>	<u><u>50487000</u></u>
SCHEDULE - B		
<u>RESERVE AND SURPLUS:</u>		
Capital Reserve Balance as per last Balance Sheet	18877449	18877449
TOTAL	<u><u>18877449</u></u>	<u><u>18877449</u></u>
SCHEDULE - 'C'		
<u>UNSECURED LOANS:</u>		
Loans received from a Pvt.Ltd Company Overdraft facility from Bank (Secured by Pledge of Fixed Deposits of the Company & Directors)	18215000 7182141	18970000 3785225
TOTAL	<u><u>25397141</u></u>	<u><u>22755225</u></u>

EVERLON SYNTHETICS LIMITED
ACCOUNTING YEAR ENDED : 31ST MARCH, 2009.

SCHEDULE 'D'
FIXED ASSETS:

Sr. No.	Particulars	← GROSS BLOCK →				← DEPRECIATION →				← NET BLOCK →	
		Balance on 01.04.2008	Addition	Dedu.	Total 31.03.09	Balance 01.04.2008	Dep. For the year	Dedu.	Total 31.03.09	As on 31.03.09	As on 31.03.08
1	Land	2382964	0	0	2382964	0	0	0	0	2382964	2382964
2	Buildings	24971655	113140	0	25084795	16595208	847804	0	17443012	7641783	8376447
3	Plant & Machinery	54584727	477126	20032238	35029615	31017200	3477964	19180512	15314652	19714963	23567527
4	Electrical Install.	2811651	1239619	0	4051270	1904082	206924	0	2111006	1940264	907569
5	Testing Equipments	170710	0	0	170710	165770	741	0	166511	4199	4940
6	Vehicle	24510	0	0	24510	21985	379	0	22364	2146	2525
7	Furniture & Fixture	399717	0	0	399717	117535	28218	0	145753	253964	282182
8	Computer	444790	0	0	444790	409178	21368	0	430546	14244	35612
9	Office Equipments	56467	5859	0	62326	23628	5804	0	29432	32894	32839
	Total Rs.	85847191	1835744	20032238	67650697	50254586	4589202	19180512	35663276	31987421	35592605
	Previous Year Total	88228524	25890129	28271462	8584191	73961764	3071270	26778448	50254586	35592605	14266760

SCHEDULE 'E'
INVESTMENTS
QUOTED INVESTMENTS:(LONG TERM)

Paid up Value per Share	Name	31/03/09		31/03/08	
		No.of Shares	Amount (Rs.)	No.of Shares	Amount (Rs.)
(A) Equity Shares					
10	BUBNA MAJOR BIOTECH LTD.	3900	39000.00	3900	39000.00
10	BETA NAPHTHOL LTD	3400	0.00	3400	0.00
10	JAIN SPINNERS LTD.	3300	51950.00	3300	51950.00
10	MAXWORTH COUNTRY (I) LTD.	3600	36000.00	3600	36000.00
10	MIDEAST INT.STEELS LTD.	4000	80000.00	4000	80000.00
10	MIDPOINT SOFTWARE SYST	200	2000.00	200	2000.00
10	MUKERIAN PAPERS LTD.	100	1750.00	50	1750.00
10	NEPC TEXTILES LTD.	754	14000.00	754	14000.00
10	PARASARAMPURIA SYN.LTD.	10000	50000.00	10000	50000.00
10	SANGHI POLYESTER LTD.	13200	1115400.00	13200	1115400.00
10	SHREE SYNTHETICS LTD.	20	5010.00	20	5010.00
10	SWISS JERSY LTD.	4400	44000.00	4400	44000.00
10	UNIMODE OVERSEAS LTD.	1300	13000.00	1300	13000.00
10	VENTRON POLYMERS LTD.	15200	152000.00	15200	152000.00
10	WESTERN INDIA IND.LTD.	1500	90000.00	1500	90000.00
10	YULE FIN & LEAS LTD.	2700	27000.00	2700	27000.00
			1721110.00		1721110.00
	Provision for diminution in value of shares		(1699990.00)		(1627316.00)
	TOTAL (A)		21120.00		93794.00
(B) UNQUOTED EQUITY					
	Omsai Exports P.Ltd.		650000.00		650000.00
	TOTAL (B)		650000.00		650000.00
	GRAND TOTAL :- (A + B)		671120.00		743794.00
	Total Cost of Unquoted Investment		650000.00		650000.00
	Total Cost of Quoted Investment		1721110.00		1721110.00
	Market Value of Quoted Investment		21120.00		93794.00

EVERLON SYNTHETICS LIMITED

2008-2009
Rupees

2007-2008
Rupees

SCHEDULE 'F'

A. CURRENT ASSETS, LOANS & ADVANCES

1 INVENTORIES: (As valued, taken and certified by the <i>management</i>)		
Raw Materials	1937616	3902631
Consumable Stores & Spares	525921	595885
Stock in Process	938063	3015689
Finished Goods	3296003	4996792
Stock of shares	1301546	1345319
	<u>7999149</u>	<u>13856316</u>
 2 SUNDRY DEBTORS: (Unsecured considered goods)		
Outstanding for more than six months	3587819	317742
Others	14327641	3828963
	<u>17915460</u>	<u>4146705</u>
 3 CASH AND BANK BALANCES:		
Cash on Hand	129774	139269
Current account with Scheduled Banks	55068	30315
In Deposits with Scheduled Banks	2605000	2580000
TOTAL	<u><u>2789842</u></u>	<u><u>2749584</u></u>

B. LOANS AND ADVANCES:

(Unsecured, considered goods unless stated otherwise)

1. Interest Accrued But Not Due	108680	78190
2. Advances Recoverable in cash or in kind or value to be received	2697752	2758745
3. Income Tax Deducted at Source	486305	806709
4. Other Deposits	412069	417069
TOTAL	<u><u>3704806</u></u>	<u><u>4060713</u></u>

SCHEDULE 'G'

CURRENT LIABILITIES AND PROVISIONS:

CURRENT LIABILITIES:

Sundry Creditors

1. Due to Micro, Small & Medium Ent.	0	0
2. Others	18494621	17550660

Advances Received from Customers

	0	18245
--	---	-------

Statutory Liabilities

Provision for Income Tax & FBT	511000	955250
Other Statutory Liabilities	1629818	1192511
	2140818	2147761

TOTAL	<u><u>20635439</u></u>	<u><u>19716666</u></u>
--------------	------------------------	------------------------

SCHEDULE FORMING PART OF PROFIT & LOSS A/C	2008-2009	2007-2008
	Rupees	Rupees

SCHEDULE 'H'

OTHER INCOME:

Interest	221690	183266
Miscellaneous Income	724414	12362
Sundry Bal. W/off	50892	76027
Profit on sale of Inv.	37612	9062
Share Trading Profit	0	48679
Profit on sale of Assets	334532	508773
Brokerage recd.	0	50
Dividend recd	13664	0
	<u>1382804</u>	<u>838219</u>

SCHEDULE 'I'

INCREASE/(DECREASE) IN STOCKS:

OPENING STOCK		
Stock in Process	3015689	2768249
Finished Goods	<u>4996792</u>	<u>1670405</u>
	<u>8012481</u>	<u>4438654</u>

LESS: CLOSING STOCK

Stock in Process	938063	3015689
Finished Goods	<u>3296003</u>	<u>4996792</u>
	<u>4234066</u>	<u>8012481</u>
TOTAL	<u>(3778415)</u>	<u>3573827</u>

SCHEDULE 'J'

MANUFACTURING EXPENSES:

MATERIAL CONSUMED (YARN)

Opening Stock	3902631	5462077
Add: Purchases	<u>125961181</u>	<u>124687995</u>
	129863812	130150072
Less: Closing Stock	1937616	3902631
Total (A)	<u>127926196</u>	<u>126247441</u>

CONSUMABLES, STORES AND SPARES

Opening Stock	334399	526151
Add: Purchases	7939089	11466126
	<u>8273488</u>	<u>11992277</u>
Less: Closing Stock	292185	334399
Total (B)	<u>7981303</u>	<u>11657878</u>

EVERLON SYNTHETICS LIMITED

SCHEDULE FORMING PART OF PROFIT & LOSS A/C	2008-2009 Rupees	2007-2008 Rupees
FACTORY OVERHEADS		
Factory Wages & Allowances	1244039	598053
Power & Fuel	9284438	11411060
Security Charges	332160	332805
Freight & Transport Charges	836189	900133
Job Work Charges Paid (Net)	927186	1876087
Packing Charges/Loading & Unloading	531179	647151
Repairs & Maintenance	959789	1294232
Total (C)	14114980	17059521
GRAND TOTAL (A+B+C)	150022479	154964840

SCHEDULE 'K'

SALES ADMINISTRATION & OTHER EXPENSES:

OFFICE & ADMINISTRATION EXPENSES

Salaries and Allowances	368920	307913
Provident Fund	117188	121280
Legal & Professional Charges	182892	201466
Conveyance & Travelling Expenses	158718	68149
Staff Welfare Expenses	79960	72103
Postage, Telegram & Telephone Charges	228557	233714
Vehicle Expenses	21580	131144
Filing & Registration Charges	1000	3528
Printing and Stationery	58402	44162
Miscellaneous Expenses	346299	447206
Auditor's Remuneration	50000	50000
Director Remuneration & sitting fees	247500	129000
Insurance Charges	36778	75962
Bank Charges & Commission	169490	193294
Gratuity Paid	63692	85892
Loss on sale of shares	50480	15419
Loss on sale of Assets	0	3285
Rent, Rates & Taxes	23135	142750
TOTAL (A)	2204591	2326267

SALES AND DISTRIBUTION EXPENSES:

Commission	181592	227592
Sales Tax Paid	0	13060
TOTAL (B)	181592	240652
TOTAL (A + B)	386183	2566919

SCHEDULE 'L'

INTEREST

Interest (Others)	708044	210226
Bank Interest	458044	132954
	1166088	343180

SCHEDULE 'M'

NOTES FORMING PART OF THE ACCOUNTS AND ACCOUNTING POLICIES:

01. ACCOUNTING POLICIES:

- a) Recognition of Income and Expenditure:
The Accounts are prepared on accrual basis.
- b) Fixed Assets and Depreciation:
I) Fixed Assets includes all expenditure of Capital nature and are stated at cost of acquisition, installation and commissioning less depreciation. Fixed Assets are stated at historical cost.
II) Depreciation on Fixed Assets other than Land is provided as per written down value method of Income Tax Act, 1961, which is not lower than minimum rates prescribed under schedule XIV of Companies Act in case of following Assets:-
- | | |
|-------------|-----|
| 1. Computer | 60% |
|-------------|-----|
- and in case of following assets, depreciation rates are lower than minimum prescribed rates:-
- | | |
|----------------------------|-----|
| 1. Furniture & Fixtures | 10% |
| 2. Vehicles | 15% |
| 3. Plant & Machinery | 15% |
| 4. Electrical Installation | 10% |
| 5. Air Conditioning | 15% |
| 6. Testing Equipment | 15% |
| 7. Office Equipment | 15% |
- III) No Depreciation has been provided on assets sold/discarded during the year
- c) Investments:
Investments are valued at cost inclusive of expenses incidental to their acquisition. Investments meant for long term are carried at cost and any diminution in value of permanent nature are provided for in accounts.
- d) Valuation of Inventories:
- | | | |
|-------------------------------|---|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1) Raw Materials, Consumable, | : | At Cost and other expenditure incurred inclusive of excise duty to bring the inventories to its present location and conditions. Cost is determined on FIFO basis. |
| 2) Work-in-progress | : | At Cost of material and labour together with relevant factory overheads. |
| 3) Finished Goods | : | At Cost of material and labour together with relevant factory overheads (inclusive of excise duty) or net realisable value whichever is lower |
| 4) Stock of Shares | : | At cost |
- e) Impairment of Assets:
If internal /external indications suggest that an asset of the company may be impaired, the recoverable amount of asset / cash generating unit is determined on the Balance Sheet date and if it is less than its carrying amount, the carrying amount of the asset/ cash generating unit is reduced to the said recoverable amount. The recoverable amount is measured as the higher of net selling price and value in use of such assets/ cash generating unit, which is determined by the present value of the estimated future Cash Flows.

- f) **Provision for Retirement Benefits:**
 Provision for gratuity is made in accounts assuming that all the employee retire at the end of the year. However, actuarial valuation not carried out by the company.
- g) **Contingent Liabilities:**
 Contingent liabilities are not provided for in the accounts and are disclosed separately in Notes on Accounts

02. Segement Results

During the year Company has only one reportable segment, i.e. manufacturing of Polyester, Texturised & Twisted yarn. Hence separate segment report as required under accounting standard 17 is not presented.

03. Related Party Disclosures (As identified by the Management)

- | | |
|--------------------------------------------|-----------------------------|
| 1. Related Party Relationships | Vakharia Synthetics Pvt.Ltd |
| (a) Where control exists | Everest Yarn Agency Pvt.Ltd |
| (b) Key Management Personnel | Mr. Jitendra K. Vakharia |
| (c) Relative of Key Management Personnel | Mrs. Varsha J. Vakharia |
| (d) Other related Parties | Nil |

2. Transactions with Related Parties

Type of Parties	Description of the nature of the transaction	Volume of transaction 2008-09	2008-09 Outstanding as on		Volume of transaction 2009-08	2007-08 Outstanding as on	
			Receivables	Payable		Receivables	Payable
Where Control Exists	Loans	97.20	.....	182.15	96.50	.....	189.70
	Director's Remuneration and Sitting Fees	2.47	.....	.....	1.20	.....	.....

04. Earning per share

	Year Ended March 2009	Year Ended March 2008
Profit / (Loss) attributable to the equity shareholders (Rs.Lacs)	3.57	21.22
Number of Equity Shares Outstanding during the year	5045600	5045600
Nominal value of Equity Shares	10	10
Basic/diluted earnings per share(Rs.) (with exceptional income)	0.07	0.42
Basic / diluted earnings per share (Rs.) (without exceptional income)	0.07	0.42

05. The Company has not recognised "Deferred Tax Assets" as required by Accounting Standard 22. Accounting for Taxes on Income" issued by Institute of Chartered Accountants of India as Company is not certain that sufficient taxable income will be available against which such 'Deferred Tax Assets" can be realised.
06. Information (required in terms of paragraph 4 (ix) (b) of the Companies (Auditors' Report) Order 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of The Companies Act, 1956 of India) in respect of disputed Excise Duty, Service Tax and Income Tax not deposited as on 31st March, 2009 are as follows :

Sr. No.	Nature of Dues & Name of the Statue	Forum where Disputed	Amount (Rs.in Lakhs)
1.	Central Excise (Central Excise 1944)	Commissioner (adju) of Central Excise	0.95
2.	Central Excise (Central Excise 1944)	Commissioner of Central Excise (adjudication)	444.45
07.	Break up of Repairs and Maintenance:	31/03/2009	31/03/08
	For Plant and Machineris	512175	1017737
	For Others	447614	276495
		959789	1294232
08.	Auditors Remuneration is Rs.70000/- (Previous year Rs.70000/-) included in Profit and Loss Account is made up of:	31/03/2009	31/03/2008
	Audit Fees	40000	40000
	Tax Audit Fees	10000	10000
	Certification Work	10000	10000
	Taxation Matters	10000	10000
		70000	70000
09.	In the opinion of the Board, Current Assets, Loans and Advances are approximately of the same value as stated in the Balance Sheet if realised in the ordinary course of business.		
10.	Contingent Liabilities:-		
	1) On Partly paid equity shares Rs.50,000/- (Previous year Rs.50,000/-)		
	2) Excise Duty claim not acknowledged as Debt Rs.445.40 Lacs (Previous Year Rs.447.53 Lacs)		
	3) Income Tax demand raised by Income Tax Department for various years Rs.207.59 lacs (previous year 351.42 lacs)		
11.	There are no Micro, Small and Medium Enterprises, as defined in the Micro, Small, Medium Enterprises Development Act, 2006, to whom the Company owes on account of principal amount together with interest and accordingly no additional disclosures have been made. The above information regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.		
12.	The information required under paragraph 3 & 4 of part II of Schedule VI of Company's Act 1956 (As certified by the management) to the extent applicable are as under.		

A) Licensed & Installed Capacity

i) Licensed Capacity

a) Motapondha Unit

The company has obtained Registration from Department of Industrial Development, Secretariat for Industrial Approvals, Entre-prenurial Assistance Unit of Ministry of Industry Government of India for:

Manufacture of 3780 tons of Polyester Texturised Yarn and 300 tons of Polyester Twisted Yarn.

b) Dadra Unit

The company has obtained Registration from Department of Industrial Development, Secretariat for Industrial Approvals, Entre-prenurial Assistance Unit of Ministry of Industry Government of India for:

Manufacture of 4140 tons of Polyester Texturised Yarn and Polyester Twisted Yarn.

ii) Installed Capacity:-

a) Mota Pondha unit:

Current Year Nil (Previous Year Nil)

b) Dadra Unit:

i) Two Draw Texturising Machine of 312 spindles each (Previous year Four Draw Texturising machine of 312 spindles each and two machines of 216 spindles each) 2160 tons per annum.

ii) Four Twisting Machines of 360 spindles each.(Previous year four twisting machines) Having a capacity of 80 Denier /300 TPM -240 tons per annum.

Note: Installed capacities are certified by management and relied upon by the Auditor without verification same being a technical matter.

B) Major Raw Material Consumed: (Indigenous 100%)

Item	Unit	← 2008-2009 →		← 2007-2008 →	
		Quantity	Value(Rs.)	Quantity	Value(Rs.)
Polyester Filament Yarn/PTY yarn	Kgs	180514.392	127926196	1956351.980	126247441
		180514.392	127926196	1956351.980	126247441

C) Turnover and Stock:

Item	Unit	← 2008-2009 →		← 2007-2008 →	
		Quantity	Value(Rs.)	Quantity	Value(Rs.)
Sales(Net)	Kgs	1912598.747	161209259	2067601.846	158872619
		1912598.747	161209259	2067601.846	158872619

Opening Stock of Finished Goods:

Class of Goods:
Own Manufactured

Item	Unit	<—2008-2009—>		<—2007-2008—>	
		Quantity	Value(Rs.)	Quantity	Value(Rs.)
Polyester Texturised Twisted Fancy Yarn	Kgs	58579.100	4996792	18642.705	1670405
		<u>58579.100</u>	<u>4996792</u>	<u>18642.705</u>	<u>1670405</u>

Closing Stock of Finished Goods:

Class of Goods:
Own Manufactured

Item	Unit	<—2008-2009—>		<—2007-2008—>	
		Quantity	Value(Rs.)	Quantity	Value(Rs.)
Polyester Texturised Twisted Fancy Yarn	Kgs	42706.980	3296003	58579.100	4996792
		<u>42706.980</u>	<u>3296003</u>	<u>58579.100</u>	<u>4996792</u>

D)	Production	Unit	2008-2009 Quantity	2007-2008 Quantity
	Class of Goods: Own Manufactured Polyester Texturised/ Twisted Fancy Yarn	Kg.	1896726.627	2107538.241
			2008-2009 (Rupees) (in lacs)	2007-2008 (Rupees) (in lacs)
	Value of Import on CIF Basis		2.20	1.00
	F.O.B. Value of Exports		1.52	0.60
	Expenditure, Earning and remittance in foreign Currency		NIL	NIL
	Estimated amount of contracts remains to be executed on capital account and not provided for		NIL	NIL

- 13 Sundry debtors and creditors are subject to confirmation
- 14 Previous year's figures have been regrouped, rearranged or recast wherever considered necessary, so as to make them comparable with current year figures.
- 15 The information required under PART-IV of schedule VI of companies Act, 1956 (As certified by the management) to the extent applicable are as under:

Balance sheet Abstract and company's Business Profile

- Registration Details:
 I Registration No.11/52747 State Code: 11
 Balance Sheet Date: 31/03/2009
- II Capital raised during the year (Amount in Rs.Thousands)
 Public issue : Nil Right Issue : Nil
 Bonus issue : Nil Private Placement : Nil
- III Position of Mobilisation and Deployment of funds
 (Amount Rs. In Thousands)
- | | | | |
|----------------------|---------|--------------------|---------|
| Total Liabilities | : 94762 | Total Assets | : 94762 |
| Sources of Funds | | | |
| Paid up Capital | : 50487 | Reserves & surplus | : 18877 |
| Secured Loans | : — | Unsecured Loans | : 25397 |
| Application of funds | | | |
| Net Fixed Assets | : 31987 | Investment | : 671 |
| Net Current Assets | : 11774 | | |
| Accumulated Losses | : 50329 | | |
- IV. Performance of Company (Amount Rs.in Thousands)
- | | | | |
|----------------------|----------|-------------------|----------|
| Sales & Other Income | : 158814 | Total Expenditure | : 153575 |
| before Tax | : 650 | After Tax | : 560 |
| Earning per share | : 0.07 | Dividend Rate | : Nil |
- V. Generic Names of Principal Products (as per monetary terms)
 Item Code No. 540242 (ITC Code)
 Product Description Polyester Texturised Yarn and Polyester Twisted Yarn

SIGNATURE TO SCHEDULE 'A' TO 'M'

As per our Report of even date
FOR POLADIA & CO
CHARTERED ACCOUNTANTS
 — sd —

P.T.POLADIA
(PROPRIETOR)
 Membership No. 38757

Place: Mumbai
 Date : 30th June 2009

For and on behalf of the
Board of Directors
 — sd —

JITENDRA K. VAKHARIA
(MANAGING DIRECTOR)
 — sd —

VARSHA J. VAKHARIA
(DIRECTOR)

EVERLON SYNTHETICS LIMITED

Registered Office

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

PROXY

Reg. Folio No. / Client ID No. _____ No. of Shares held _____

I/We of
..... in the district of
being a member / members of the above named Company hereby appoint
..... of in the district of
..... on falling him of
..... in the district of as my / our
proxy to vote for me / us on my / our behalf at the 20th Annual General Meeting of the
Company to be held on Friday, the 28th August 2009 at 11.30 a.m. and at any
adjournment thereof.

Signed this day of 2009

Affix 1
Rupee
revenue
Stamp

Note : This form in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company, not less than 48 hours before the meeting.

EVERLON SYNTHETICS LIMITED

Registered Office

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

ATTENDANCE SLIP

I hereby record my presence at the 20th General Meeting held at Registered Office of the Company at 67, Regent Chambers, 6th Floor, 208, Nariman Point, Mumbai - 400 021. on Friday, the 28th August 2009 at 11.30 a.m.

Name of the Shareholders(s)..... Folio No./Client ID No. _____
(in Block Capitals)

Name of the Proxy or Company Representative _____
(in Block Capitals)

Signature of the Shareholder(s) or
Proxy or Company Representative _____

- Note :**
1. Proxy attending on behalf of a Shareholder(s) should please write the name of the Shareholders(s) from whom he holds Proxys.
 2. Members are requested to bring their copy of the Annual Report with them to the Meeting as additional copies of the same will not be made available at the Meeting.

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