

POLYCHEM LIMITED

NOTICE

Notice is hereby given that the Fifty Third Annual General Meeting of the Members of POLYCHEM LIMITED will be held at M.C.Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20 Kaikhushru Dubash Marg, Mumbai 400 001 on Thursday, 23rd September, 2010 at 3:30 p.m., to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2010 and Profit and Loss Account for the year ended on 31st March, 2010 and the Report of the Directors' and Auditors' thereon.
2. To appoint a Director in place of Mr. P.T. Kilachand who retires by rotation, but being eligible, offers himself for re-appointment.
3. To consider and, if thought fit, to pass with or without modification/s the following resolution as an Ordinary Resolution:-
"RESOLVED THAT pursuant to the provisions of Section 224 and other applicable provisions, if any, of the Companies Act, 1956, Messrs. G.M. Kapadia & Company, Chartered Accountants, Mumbai, be and are hereby appointed as Auditors of the Company from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company on a remuneration of Rs.1,50,000/- (Rupees One Lac Fifty Thousand only) in addition to service tax, reimbursement of travelling and all other out of pocket expenses incurred in connection with the audit."

SPECIAL BUSINESS:

4. To consider, and, if thought fit, to pass, with or without modification/s, the following resolution as a Special Resolution:
"RESOLVED THAT in supersession of the resolution passed by the members of the Company at the Annual General Meeting held on 21st September, 2006 and pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, approval of the members of the Company be and is hereby accorded to the appointment of Mr.T.R.Kilachand, Managing Director of the Company, for a period of five years with effect from 1st July, 2010, upon the terms and conditions including remuneration as set out in the agreement placed before this meeting which agreement is hereby specifically approved and sanctioned with authority to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or agreement (including authority, from time to time, to determine the amount of salary as also the type and amount of perquisites and other benefits payable to Mr. T.R.Kilachand), in such manner as may be agreed to between the Board of Directors and Mr. T.R.Kilachand provided however that the remuneration payable to Mr. T.R.Kilachand shall not exceed the limits specified in the said agreement as also the limits prescribed under Schedule XIII of the Companies Act, 1956, including any amendment, modification, variation or re-enactment thereof".
"RESOLVED FURTHER THAT in the event of any loss, absence or inadequacy of profits in any financial year, during the term of office of Mr.T.R.Kilachand the remuneration payable to him by way of salary, allowances, and perquisites shall not, without the approval of the Central Government exceed the limits prescribed under the Companies Act, 1956, or any amendment, modification, variation or re-enactment thereof".
"RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required to give effect to the aforesaid resolution".
5. To consider, and, if thought fit, to pass, with or without modification/s, the following resolution as an Ordinary Resolution:
"RESOLVED THAT in supersession of the resolution passed by the members of the Company at the Annual General Meeting held on 28th September, 2007 and pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, approval of the members of the Company be and is hereby accorded to the appointment of Mr. P.T. Kilachand, Whole-time Director of the Company, for a period of five years with effect from 1st July, 2010, upon the terms and conditions including remuneration as set out in the agreement placed before this meeting which agreement is hereby specifically approved and sanctioned with authority to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or agreement (including authority, from time to time, to determine the amount of salary as also the type and amount of perquisites and other benefits payable to Mr. P.T. Kilachand), in such manner as may be agreed to between the Board of Directors and Mr. P.T. Kilachand provided however that the remuneration payable to Mr. P.T. Kilachand shall not exceed the limits specified in the said agreement as also the limits prescribed under Schedule XIII of the Companies Act, 1956, including any amendment, modification, variation or re-enactment thereof".
"RESOLVED FURTHER THAT in the event of any loss, absence or inadequacy of profits in any financial year, during the term of office of Mr.P.T. Kilachand the remuneration payable to him by way of salary, allowances and perquisites shall not, without the approval of the Central Government exceed the limits prescribed under the Companies Act, 1956, or any amendment, modification, variation or re-enactment thereof".
"RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required to give effect to the aforesaid resolution".
6. To consider, and if thought fit, to pass, with or without modification/s, the following resolution as an Ordinary Resolution :
"RESOLVED that Mr. Devang Vyas who was appointed as an Additional Director on 4th August, 2010 under Section 260 of the Companies Act, 1956 and who under Article 133 of the Articles of Association of the Company retires at the Annual General Meeting, be and is hereby appointed to the office of the Director of the Company, liable to retire by rotation and for which the prescribed notice has been received by the Company in terms of Section 257 of the Companies Act, 1956, the candidate having filed his consent to act as a Director, if appointed."
7. To consider, and if thought fit, to pass, with or without modification/s, the following resolution as an Ordinary Resolution:
"RESOLVED that Mr. Chetan Desai who was appointed as an Additional Director on 4th August, 2010 under Section 260 of the Companies Act, 1956 and who under Article 133 of the Articles of Association of the Company retires at the Annual General



Meeting, be and is hereby appointed to the office of the Director of the Company, liable to retire by rotation and for which the prescribed notice has been received by the Company in terms of Section 257 of the Companies Act, 1956, the candidate having filed his consent to act as a Director, if appointed."

By Order of the Board of Directors
A.H.MEHTA
Vice President-Corporate Affairs & Company Secretary

Registered Office :
7, Jamshedji Tata Road
Churchgate Reclamation
Mumbai 400 020.

Dated : 12th August, 2010.

NOTES:

- (a) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY, OR WHERE THAT IS ALLOWED, ONE OR MORE PROXIES, TO ATTEND AND VOTE INSTEAD OF HIMSELF. A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
- (b) An explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of items 4, 5, 6 & 7 set out above is annexed herewith.
- (c) The Register of Members and the Share Transfer Books of the Company had remained closed from 1st June, 2010 to 8th June, 2010 (both days inclusive).
- (d) All unclaimed Dividends pertaining to the earlier years have been transferred to the General Revenue Account of the Central Government in terms of Section 205-A of the Companies Act, 1956.

The Company's securities are listed on the following Stock Exchange:

Sr. No.	Name & Address of the Stock Exchange	Nature of Security as on 31-03-2010
1.	Bombay Stock Exchange Ltd. Jeejeebhoy Towers Dalal Street Mumbai 400 023.	4,04,045 Equity Shares of Rs.10/- each

The Company has paid Annual Listing fees to the above Stock Exchange.

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT AS REQUIRED BY SECTION 173(2) OF THE COMPANIES ACT, 1956

The following Explanatory Statement, as required by Section 173(2) of the Companies Act, 1956 sets out the material facts relating to business under items 4, 5, 6 & 7 mentioned in the accompanying Notice dated 12th August, 2010.

1) Item No.4

Mr. T.R. Kilachand is the Managing Director of the Company with effect from 19th August, 1986. In accordance with the conditions specified in Schedule XIII of the Act, the Board at its meeting held on 12th August, 2010 re-appointed Mr. T.R.Kilachand as Managing Director for a period of 5 years from 1st July, 2010 superseding the earlier resolution passed by the Company in this connection. This appointment is subject to the approval of the members at the Annual General Meeting and of Central Government (if required).

The main terms of appointment of Mr. T.R.Kilachand as the Managing Director as set out in the agreement placed before the meeting, are as follows:

- I. **SALARY:**
Rs.20,000/- per month which may be increased by such amounts as the Board may determine from time to time subject to maximum of Rs.75,000/- per month.
- II. **COMMISSION:**
Commission of one percent of the net profit of the Company, subject to a ceiling of 50% of the salary or Rs.3,00,000/- per annum, whichever is less.
- III. **PERQUISITES:**
 1. **HOUSING:**
 - (a) In case of unfurnished accommodation, hired by the Company, such expenditure not exceeding 60% of the salary over and above 10% payable by the Managing Director.
 - (b) In case the accommodation is owned by the Company, 10% of the salary of the Managing Director shall be deducted by the Company.
 - (c) In case no accommodation is provided by the Company, the Managing Director shall be entitled to House Rent Allowance subject to the ceiling laid down in (a) above.
 2. The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income-tax Rules, 1962, subject to the ceiling of ten percent of the salary of the Managing Director.

3. Reimbursement of medical expenses incurred for the Managing Director and his family, viz. his wife, dependent children and dependent parents, subject to a ceiling of one month's salary in a year or three months' salary over a period of three years.
4. Leave Travel Concession for the Managing Director and his family, viz. his wife, dependent children and dependent parents once in a year incurred in accordance with the Rules specified by the Company.
5. Fees of two clubs, which will not include admission and Life Membership Fees.
6. Personal Accident Insurance of premium not exceeding Rs.4,000/- per annum.
7. The Company's contribution to Provident Fund, Superannuation Fund and/or Annuity Fund.
8. Gratuity as per the rules of the Company.
9. Free use of Company's car with driver for the business of the Company and telephone at his residence will not be considered as perquisites.
10. Mr. T.R.Kilachand will also be entitled to privilege leave on full pay and allowances, as per rules of the company, but not more than one month's leave for every eleven months.

The above remuneration in terms of Salary, Commission, perquisites payable to him is subject to the limits of 5% and 10% of the Net Profits of the Company as the case may be as laid down in Section 309 of the Companies Act, 1956 and the overall limit of 11% on the Net Profits of the Company as laid down in Section 198 of the said Act.

The valuation of perquisites will be as per the Income Tax Rules, 1962, in cases where the same is otherwise not possible to be valued.

The Board of Directors recommends the resolution for approval of the members.

This may be treated as an abstract of the terms and conditions, governing the appointment and remuneration of the Managing Director, pursuant to Section 302 of the Companies Act, 1956.

Mr. T.R.Kilachand and Mr. P.T.Kilachand are interested in the above resolution No.4

None of the other Directors of the Company, are in any way, concerned or interested in the said resolution.

2) Item No.5

Mr. Parthiv Kilachand was appointed as an Additional Director with effect from 3rd December, 1996 and as a Whole-time Director from 1st April 1997. In accordance with the conditions specified in Schedule XIII of the Act, the Board at its meeting held on 12th August, 2010 re-appointed Mr. P.T.Kilachand as Whole-time Director for a further period of 5 years from 1st July, 2010 superseding the earlier resolution passed by the Company in this connection. This appointment is subject to the approval of the members at the Annual General Meeting and of Central Government (if required).

The main terms of appointment of Mr. P.T.Kilachand as Whole-time Director as set out in the agreement placed before the meeting, are as follows:

- I. SALARY:
Rs.20,000/- per month which may be increased by such amounts as the Board may determine from time to time subject to a maximum of Rs.75,000/- per month.
- II. COMMISSION:
Commission of one percent of the net profit of the Company, subject to a ceiling of 50% of the salary or Rs.3,00,000/- per annum, whichever is less.
- III. PERQUISITES:
 1. HOUSING:
 - (a) In case of unfurnished accommodation, hired by the Company, such expenditure not exceeding 60% of the salary over and above 10% payable by the Whole-time Director.
 - (b) In case the accommodation is owned by the Company, 10% of the salary of the Whole-time Director shall be deducted by the Company.
 - (c) In case no accommodation is provided by the Company, the Whole-time Director shall be entitled to House Rent Allowance subject to the ceiling laid down in (a) above.
 2. The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income-tax Rules, 1962, subject to the ceiling of ten percent of the salary of the Whole-time Director.
 3. Reimbursement of medical expenses incurred for the Whole-time Director and his family, viz. his wife, dependent children and dependent parents, subject to a ceiling of one month's salary in a year or three months' salary over a period of three years.
 4. Leave Travel Concession for the Whole-time Director and his family, viz. his wife, dependent children and dependent parents once in a year incurred in accordance with the Rules specified by the Company.
 5. Fees of two clubs, which will not include admission and Life Membership Fees.
 6. Personal Accident Insurance of premium not exceeding Rs.4,000/- per annum.
 7. The Company's contribution to Provident Fund, Superannuation Fund and/or Annuity Fund.
 8. Gratuity as per the rules of the Company.
 9. Free use of Company's car with driver for the business of the Company and telephone at his residence will not be considered as perquisites.
 10. Mr. P.T.Kilachand will also be entitled to privilege leave on full pay and allowances, as per rules of the company, but not more than one month's leave for every eleven months.



The above remuneration in terms of Salary, Commission, perquisites payable to him is subject to the limits of 5% and 10% of the Net Profits of the Company as the case may be as laid down in Section 309 of the Companies Act, 1956 and the overall limit of 11% on the Net Profits of the Company as laid down in Section 198 of the said Act.

The valuation of perquisites will be as per the Income Tax Rules, 1962, in cases where the same is otherwise not possible to be valued. The Board of Directors recommends the resolution for approval of the members.

This may be treated as an abstract of the terms and conditions, governing the appointment and remuneration of the Whole-time Director, pursuant to Section 302(7) of the Companies Act, 1956.

Mr. P.T. Kilachand and Mr. T. R. Kilachand are interested in the above resolution No.5

None of the other Directors of the Company, are in any way, concerned or interested in the said resolution.

3) Item No.6

Mr. Devang Vyas was appointed as an Additional Director of the Company on 4th August, 2010. In terms of Article 133 of the Articles of Association of the Company, Mr.Devang Vyas ceases to hold office as Director at this Annual General Meeting. A notice alongwith Rs.500/- as deposit, has been received by the Company from a member under Section 257 of the Companies Act, 1956 proposing the appointment of Mr.Devang Vyas as a Director of this Company at this meeting. Mr.Devang Vyas offers himself for appointment as a Director at this meeting, having filed the Consent with the Company to act as a Director, if appointed.

Your Directors recommend his appointment.

None of the Directors of the Company are interested in the said resolution except Mr.Devang Vyas.

4) Item No.7

Mr. Chetan Desai was appointed as an Additional Director of the Company on 4th August, 2010. In terms of Article 133 of the Articles of Association of the Company, Mr. Chetan Desai ceases to hold office as Director at this Annual General Meeting. A notice alongwith Rs.500/- as deposit, has been received by the Company from a member under Section 257 of the Companies Act, 1956 proposing the appointment of Mr.Chetan Desai as a Director of this Company at this meeting. Mr.Chetan Desai offers himself for appointment as a Director at this meeting, having filed the Consent with the Company to act as a Director, if appointed.

Your Directors recommend his appointment.

None of the Directors of the Company are interested in the said resolution except Mr.Chetan Desai.

As required in terms of paragraph IV(G) of Clause 49 of the Listing Agreement, the details of the director retiring by rotation and eligible for re-appointment are furnished below:-

Name of Director	Mr. P.T. Kilachand	Mr. Devang Vyas	Mr. Chetan Desai
Age	43 years	52 years	57 Years
Qualification	Sc.B "Electrical Engineering" & A.B. "Engineering & Economics" from Brown University.	B.Com, LL.B., F.C.S., A.C.I.S. (U.K.), A.A.S.M	B.E. (Electronics and Communications). MDP in Project and Retail Management from IIM Ahmedabad
Expertise	Project Officer in Polychem Limited from 1 st November, 1988, then as Project Executive from 1 st October, 1990 and as Executive Assistant to the Managing Director from 2 nd July, 1993. He has been actively involved and looking after all aspects of various activities of the Company. He was appointed as an additional Director from December 1996 to 31 st March, 1997. From 1 st April, 1997 he was appointed as a Whole-time Director.	Practicing Company Secretary, having experience of over 25 years in Company Law, Merchant Banking and Corporate Laws.	Over 32 years of Top Management working experience in Project Management, Tech Transfer, Sales, Marketing, Branding and Retail. Held positions such as GM in Eureka Forbes,Vice President in Gujarat Poly-AVX Electronics Ltd, Managing Director in ABK Electronics – Singapore, Director – Retail in Raymond and Sr. VP in Reliance Industries Ltd.
Other Directorship as on 31 st March, 2010 (Excluding Private Companies)	Gujarat Poly-AVX Electronics Ltd., Ginnars & Pressers Ltd., Sun Tan Trading Co.Ltd.	Not Applicable	Not Applicable
No Of Equity Shares held	2234	—	—

By Order of the Board of Directors

A. H. MEHTA

Vice President-Corporate Affairs & Company Secretary

Registered Office :

7, Jamshedji Tata Road
Churchgate Reclamation
Mumbai 400 020.

Dated: 12th August, 2010.

POLYCHEM LIMITED

DIRECTORS' REPORT

To

The Members of

POLYCHEM LIMITED

Yours Directors' present the Fifty Third Annual Report and Statement of Accounts for the year ended 31st March, 2010.

	01.04.09 to 31.03.10 Rs. in lacs	01.04.08 to 31.03.09 Rs. in lacs
FINANCIAL RESULTS		
Sales	414.00	415.42
Profit/(Loss) before Depreciation & Tax	121.58	(7.41)
Depreciation	8.81	10.28
Profit/(Loss) before tax	112.77	(17.69)
Current tax	—	1.85
Deferred tax	11.56	—
Profit/(Loss) after tax	124.33	(19.54)
Excess provision of tax in respect of earlier years	(13.33)	300.98
	111.00	281.44
Balance brought forward	(2256.38)	(2532.04)
Prior period items	(0.94)	(5.78)
	(2146.32)	(2256.38)
General Reserve deducted per contra	2069.93	2069.93
Amount available for Appropriation	(76.39)	(186.45)

During the year ended 31st March 2010 your Company has made profit of Rs. 124.33 lacs against loss of Rs. (19.54) lacs after tax. The Company cannot recommend dividend due to accumulated losses of the Company.

1. Sales of specialty chemicals during the year ended was Rs. 414.00 lacs compared to Rs.415.42 lacs during the previous year.
2. **SALE OF POLYVINYL ALCOHOL (PVA) LAND, BUILDING AND PLANT & MACHINERY**

During the year Company has sold land and building of PVA Unit at village Nimbut, Taluka Baramati. After the end of the year, Company has also sold the plant and machinery of PVA Unit.

3. **GUJARAT POLY-AVX ELECTRONICS LIMITED (GPAEL)**

The sale of GPAEL during the year ended 31st March, 2010 was Rs. 757.49 lacs as against sale of Rs.681.64 lacs during the previous year. GPAEL has made profit of Rs. 2841.47 lacs after write back of exceptional items viz., remission of past interest on term loans during the year ended 31st March, 2010 as compared to loss of Rs.40.62 lacs in the previous year.

4. **AUDIT COMMITTEE:**

Chairman of the Audit Committee, Mr. H.C. Shah has expired during the year. Mr. Chetan Desai and Mr. Devang Vyas have been appointed as members of the Audit Committee with effect from 4th August, 2010.

The Audit Committee now consists of 4 members, viz. Mr. V.V.Sahasrabudhe, Mr. T.R.Kilachand, Mr.Chetan Desai and Mr. Devang Vyas.

5. **DIRECTORS' RESPONSIBILITY**

Pursuant to Section 217(2AA) of the Companies Act, 1956 the Directors confirm that:

- a. In the preparation of the annual accounts, the applicable accounting standards have been followed.
- b. Appropriate accounting principles have been selected and applied consistently and have made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2010 and of the profit of the Company for the year ended 31st March, 2010.
- c. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d. The annual accounts have been prepared on a going concern basis.

6. **TAXATION:**

The Company's Income Tax assessments have been completed up to the year ended 31st March, 2007.

7. **DEPOSITS:**

Company has repaid all deposits and there are no outstanding deposits.

8. **INDUSTRIAL RELATIONS:**

Industrial Relations with the employees of the Company were cordial during the year under report.



9. **PARTICULARS OF EMPLOYEES:**

Provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 are not applicable to the Company.

10. **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO ETC.**

As required by the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the Report on Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo etc. is given in Annexure I forming part of this report.

11. **DIRECTORS:**

- a) Mr. P.T.Kilachand retires from Office by rotation, but being eligible, offers himself for re-appointment;
- b) Mr. Hiralal C.Shah died on 21st September, 2009 at the age of 80 years at Mumbai. The Board of Directors, express their profound sorrow at the said demise of Mr. H.C.Shah.

Mr. H. C. Shah joined as a Director of the Company from 3rd September, 1975. He has rendered invaluable services as a member of the Board and to the Company. He was the Chairman of the Shareholders'/Investors' Grievance Committee and Audit Committee of the Company. In him the Company has lost an eminent and able Director. The Board places on record its deepest sense of sorrow and conveys to the members of the Shah family, their sincere and heartfelt condolence in their bereavement.

- c) The Board has appointed Mr.T.R.Kilachand as Managing Director and Mr.P.T.Kilachand as Whole-time Director of the Company with effect from 1st July, 2010 for a period of 5 years, in terms of the provisions of the Companies Act, 1956. Your approval is sought for their appointment and for the remuneration payable to them as detailed in the Notice convening the meeting. It may be noted that they are not drawing any remuneration with effect from 1st June, 1997.
- d) Mr. Devang Vyas and Mr.Chetan Desai have been appointed as Additional Directors of the Company with effect from 4th August, 2010.

12. **CORPORATE GOVERNANCE:**

Pursuant to Clause 49 of the Listing Agreement a separate report on Corporate Governance and a certificate from the Auditors of the Company are annexed to the Director's Report.

13. **AUDITORS' REMARKS**

As regards the remarks in the Auditors' Report, please refer to the Notes on Accounts which are self explanatory.

14. **AUDITORS**

You are requested to appoint Auditors for the current year. The retiring Auditors, M/s. G.M.Kapadia & Co., Chartered Accountants, Mumbai are eligible for re-appointment.

The Directors extend their sincere thanks to the State and Central Government Authorities and Members for their co-operation and continued support during the difficult times being experienced by the Company.

Sincere thanks are also due to the management team and the staff for their valuable contribution despite adverse circumstances being faced by the Company.

By Order of the Board of Directors

TANIL KILACHAND
Chairman & Managing Director

Registered Office :

7, Jamshedji Tata Road
Churchgate Reclamation
Mumbai 400 020.

Dated : 12th August, 2010.

POLYCHEM LIMITED

ANNEXURE I

A. CONSERVATION OF ENERGY

_____ NIL _____

FORM 'A'

POWER AND FUEL CONSUMPTION		2009-10	2008-09
(1)	Electricity		
	Purchased units (Kwh)	12,525	14,676
	Total Amount (Rs.)	61,130	93,050
	Rate, Kwh	4.88	6.34

FORM 'B'

Disclosures of particulars with respect to Technology Absorption, Research & Development.

A. Research and Development

- Specific area in which R&D work is carried out:**
We are trying to develop a know how for the mass polymerization of Poly Alpha Methyl Styrene.
- Benefits derived as a result of the above R&D:**
There is a good demand for Poly Alpha Methyl Styrene, once we develop a know-how for this product, we can cater to this market both in domestic as well as overseas.
- Future plan of Action**
Though we are supplying small quantities of Styrene Maleic Anhydride & Poly Vinyl Butyral to various customers, Company needs to work on this product further to improve its performance for various diversified applications of this product.
- Expenditure on R&D:**
No major expenses incurred for R&D

B. Technology Absorption, Adaption and Innovation:

- Efforts in brief made towards technology absorption, adaption and innovation:
Since local technology is used for manufacture of the products of the company, there is no question of technology absorption.
- Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution etc.:
_____ nil _____.
- Imported Technology:
No new technology has been imported.
- Foreign Exchange Earnings and Outgoings:

a)	Foreign exchange outgo	Rs. — nil —
b)	Foreign exchange earned (FOB Value)	1,61,47,811/-



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Overview:

Company is operating in the manufacturing of Specialty Chemicals and development of property/land.

Opportunities

Your Company's customers for specialty polymers are in investment casting Industry. The major end user segment for investment cast products is automotive sector. Though the recessionary trend in the auto sector has gone down considerably both in the Domestic as well as International sectors, some impact of the same still persists in USA. The domestic sector has shown a good increase in demand since April, 2010. As per a recent report on the demand in auto sector the sale of auto mobiles is projected to increase to 3.00 million by 2015 from the current figure of 1.00 million. This augurs well for our product "Cross Linked Polystyrene".

The second specialty product is used as filler in cement for structural repair of columns and beams in the old building. The demand for this product is on the rise as the repair work keeps on increasing due to ageing of buildings.

Threats

The basic raw material for the majority of our products is Styrene Monomer. Styrene is derived from Benzene, which in turn is derived from crude oil. Crude oil prices have remained almost steady in 2009-10 mainly due to lack of demand on global recession. But there is a likelihood that the price will go up once the demand picks up.

Risk and Concerns:

Due to price fluctuation in the main raw material i.e. Styrene Monomer and no corresponding increase in the price of finished products the margin on our finished products is the major area of concern.

Due to increasing trend for redevelopment of old buildings rather than their repairs the demand for one of our products viz, the latex is likely to go down.

Outlook:

Company has settled the liability and is taking steps for settling the statutory liability. The working of Specialty Chemicals is also improving.

Financial Performance:

a) Share Capital:

The issued and paid-up share capital of the Company is Rs.40,40,450/- consisting of 4,04,045 equity shares of Rs.10/- each as on 31st March, 2010.

b) Reserves and Surplus:

As on 31st March, 2010 the reserves and surplus are Rs.1,509.99 lacs. However, there is accumulated loss of Rs.76.39 lacs.

c) Secured Loans:

There are no secured loans outstanding as on 31st March, 2010.

d) Results of Operation:

Revenue for the current year including other income amounts to Rs.646.25 lacs compared to Rs. 470.78 lacs. Profit before tax is Rs.112.77 lacs compared to loss before tax of Rs.(17.69) lacs during the previous year. Provisions for tax during the year is nil compared to Rs.1.85 lacs during the previous year. Profit after tax amounts to Rs.124.33 lacs during the year compared to loss of Rs.(19.54) lacs during the previous year.

Industry Structure & Development

Our Company is manufacturing and selling Specialty Chemicals.

Segmentwise Performance

There are two income generating segments. Segment-wise Revenue for the year ended 31st March, 2010 is as follows. viz. (1) Property / Land Rs. Nil (000) (2) Specialty Chemicals Rs.4,323 (000). The sale of Specialty Chemicals is showing good growth.

Internal Control System

Company has adequate internal control procedures commensurate with the size of the Company and nature of its business for the purchase of raw materials and fixed assets and for the sale of goods.

Human Resources

The Company has good relations with its employees.

CORPORATE GOVERNANCE REPORT (2009-2010)

1. Statement on Company's philosophy on code of governance.

The Company's philosophy on Corporate Governance is to attain high level of transparency and accountability in the functioning of the Company and in its relationship with employees, shareholders, creditors, lenders and ensuring high degree of regulatory compliances.

The Company also believes that its systems and procedures will enhance corporate performance and maximize shareholder value in the long term.

2. Board of Directors

The Board of Directors comprises of three members and is responsible for management of the Company's business. The Board's role, functions, responsibility and accountability are clearly defined.

Composition of the Board of Directors as on March 31, 2010, is as follows:

Director	Executive/Non-Executive/Independent/Promoter
Mr.T. R.Kilachand	Chairman-cum-Managing Director/Promoter
Mr. P.T.Kilachand	Whole-time Director/Promoter
Mr. V.V.Sahasrabudhe	Non-Executive Director/Independent

Attendance of each Director at the Board Meeting, last AGM, sitting fees paid and Number of other Directorship and Chairmanship/Membership of Committee of each Director in various companies:

F.Y. 2009-10 (April 2009 to March 2010)

Attendance Particulars				No. of other Directorships and Committee Membership/ Chairmanship	
Name of the Director	Board Meetings	Last AGM	Sitting Fees Rs.	Other Directorship in Public Limited Companies	Committee Membership/ Chairmanship
Mr.T.R.Kilachand	5	Yes	—	2	2(Chairman)
Mr.H.C.Shah	1	No	1,000	—	—
Mr.P.T.Kilachand	5	Yes	—	3	1
Mr.V.V.Sahasrabudhe	5	Yes	5,000	—	—

Sitting fees paid for attending Board meetings have only been taken into consideration.

Remuneration to Directors

The Managing Director and the Whole-time Director have not drawn any remuneration.

Number of Board Meetings held and dates on which held:

During the financial year 2009-10, five Board meetings were held on the following dates:

- 24th April, 2009
- 31st July, 2009
- 30th September, 2009
- 20th October, 2009
- 27th January, 2010

3. Audit Committee

The Company had constituted an audit committee on 31st January, 2002 pursuant to the requirements of Section 292A of the Companies Act, 1956 as well as Clause 49 of the Listing Agreement.

The Audit Committee comprises of the following Directors:

- Mr. V.V.Sahasrabudhe – Chairman
- Mr. T.R.Kilachand

One member of the Audit Committee is independent. All members of the Audit Committee have knowledge of finance, accounts, company law. The quorum for audit committee meeting is minimum of two members.

Terms of reference of the Audit Committee are as per the guidelines set out in the listing agreement with the Stock Exchange that interalia, include overseeing financial reporting process, reviewing with the management the financial statements and adequacy of internal control systems.

The audit committee shall have the following powers-

- Investigate any activity within its terms of reference.
- Seek information from any employee
- Obtain outside legal or other professional advice
- Secure attendance of outsiders with relevant expertise, if considered necessary.