

# **23rd ANNUAL REPORT 2004-05**

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**POLYGENTA TECHNOLOGIES LTD**

## **POLYGENTA TECHNOLOGIES LIMITED**

**BOARD OF DIRECTORS** : Mr. Santosh Kumar Maskara Chairman  
Mr. Subodh Maskara, Managing Director  
Mr. Dinesh Sharma, IFCI Venture Capital Nominee

**COMPANY SECRETARY:** Mr. Paresh Damania

**BANKERS** : Dena Bank  
Union Bank of India  
State Bank of Bikaner and Jaipur

**REGISTERED OFFICE** : 128, Jolly Maker Chambers II,  
Nariman Point,  
Mumbai 400 021.

**FACTORY** : 265/2, 266, Village Avankhed,  
Taluka Dindori,  
District Nashik.  
Pin 422 201

A 5/4, MIDC,  
Murbad,  
District Thane (Maharashtra).

**AUDITORS** : M/s Lodha & Company  
Chartered Accountants,  
6, Karim Chambers,  
40, Ambalal Doshi Marg,  
Mumbai 400 023.

## **POLYGENTA TECHNOLOGIES LIMITED**

### **NOTICE**

NOTICE is hereby given that the Twenty-third Annual General Meeting of Members of Polygenta Technologies Limited will be held on Friday, the 30<sup>th</sup> September 2005 at the Registered Office of the Company at 128, Jolly Maker Chambers II, Nariman Point, Mumbai : 400 021 at 11.00 a.m. to transact the following business :

#### **Ordinary Business: -**

- 1) To consider and adopt the Directors Report, Audited Profit and Loss Account for the year ended March 31, 2005 and the Balance Sheet as on that date.
- 2) To appoint Director in place of the Mr. Santosh Kumar Maskara, who retires by rotation and being eligible, offers himself for re-appointment.
- 3) To appoint Auditors and fix their remuneration.

**By order of the Board**

**Paresh Damania**  
Company Secretary

Mumbai  
Date : 30<sup>th</sup> June, 2005

#### **Notes :**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ALSO ENTITLED TO ATTEND AND VOTE ON POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. Proxies in order to be effective must be received by the Company not later than 48 hours before the meeting.
2. Members are requested to notify immediately any change in their addresses.
3. Shareholders desiring any information as regards the accounts are requested to write to the Company at an early date, so as to enable the management to keep the information ready.
4. Pursuant to provisions of Section 205C of the Companies Act, 1956, unpaid dividend for the financial year ended March 31, 1997 has been transferred to the Investor Education & Protection Fund of the Central Govt. .

**POLYGENTA TECHNOLOGIES LIMITED****DIRECTORS REPORT**

To,  
The Members of  
**Polygenta Technologies Limited,**

The Directors have pleasure in presenting to you the **Twenty-third** Annual Report and Audited Accounts for the accounting year ended March 31, 2005.

**1. FINANCIAL RESULTS**

	<b>2004-2005</b>	<b>2003-2004</b>
Sales & Other income	778,369,090	1,349,233,518
<b>Profit / (Loss) before</b>		
<b>Depreciation &amp; interest</b>	<b>(15,258,089)</b>	<b>(37,259,199)</b>
Depreciation	29,111,242	29,376,810
Borrowing Cost	130,032	409,001
<b>Profit / (Loss) before tax</b>	<b>(44,499,362)</b>	<b>(67,045,010)</b>
Tax Adjustment relating to earlier years	-	(32,155)
Exceptional items	44,099,038	204,188
<b>Profit / (Loss) after</b>		
<b>Exceptional item</b>	<b>(400,323)</b>	<b>(66,872,977)</b>
Balance of loss b/f from earlier previous year	(923,034,611)	(356,161,635)
<b>BALANCE OF LOSS</b>		
<b>CARRIED TO THE B/ S</b>	<b>(923,434,935)</b>	<b>(923,034,612)</b>

**2. DIVIDEND**

In view of the losses during the year, your Directors do not recommend declaration of dividend for the year ended March 31, 2005.

**3. OPERATIONS AND PROJECTS****a) Murbad Unit:**

During the year under review, the operation of Murbad unit has continued to be under closure. The Company has revalued the assets through Government registered approved valuer. Company has also requested Operating Agency to appoint nominee to enable it to constitute Asset Sale Committee for the disposal of the asset of the Murbad Unit.

**b) Polyester (PET) Chips Project:**

The PET chips project continues to be under temporary closure. The Arbitration award has been finalized by the ICC Court and a sum of Rs.470.94 lakhs has been awarded, being 10 % of the contract value, this is against the company's claim of nearly Rs.17478.85 lakhs. Your Company has assigned this award to a party for Rs.425 lakhs and realized the same.

Your company is evaluating various options to salvage the investments made

**c) Electronic Division:**

The Electronics Division of the Company has been discontinued for smooth restarting of the Company's thrust project i.e. PET. Your Company has used its expertise developed in this field to generate revenue for the Company by providing services in this segment to

another Company.

**4. EXPORTS**

There were no exports of goods during the year.

**5. DISCLOSURE OF PARTICULARS**

Information as per the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 relating to conservation of energy, research & development, technology absorption, foreign exchange earnings and outgo are given in Annexure 'I' forming part of this report.

**6. PARTICULARS OF EMPLOYEES**

Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, is not applicable to the Company as there are no employees drawing remuneration of more than Rs. 24,00,000/- per annum.

**7. DIRECTORS**

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company Mr. Santosh Kumar Maskara retire by rotation and being eligible, offers himself for re-appointment.

**8. DIRECTORS' RESPONSIBILITY STATEMENT**

The statement as required under Section 217 (2AA) of the Companies Act, 1956 is given in Annexure 'II' forming part of this Report.

**9. AUDITORS**

M/s Lodha & Co, Auditors of the Company retire at the ensuing AGM and are eligible for reappointment. Members are requested to appoint Auditors and to fix their remuneration.

**10. AUDITORS QUALIFICATION**

The qualifications given in the Auditors report are self explanatory and are further explained in detail in the notes to accounts given in schedule '18' and therefore do not call for any other comments.

**11. FIXED DEPOSITS**

The Company has not accepted / renewed any deposits from the public during the year.

**12. REGISTERED WITH BIFR**

The company continued to be under the purview of BIFR. The accumulated losses of your Company as per the audited accounts for the year ended 31<sup>st</sup> March 2005 amounted to 92.34 Crores which exceeds the net worth of the Company amounting to Rs 22.25 Crores.

**13. INSURANCE**

The Company has insured its assets with insurance companies.

**14. CORPORATE GOVERNANCE**

Your Company has complied with the Corporate Governance requirements stipulated under Clause 49 of the Listing Agreement. Report on Corporate Governance is annexed as Annexure 'III' forming part of this Report.

**15. MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT**

Management Discussion and Analysis Report as required under the Listing Agreement with the Stock Exchange is annexed as Annexure 'IV' forming part of this Report.

**POLYGENTA TECHNOLOGIES LIMITED****16. INDUSTRIAL RELATIONS**

Cordial Industrial relations continued to prevail throughout the financial year under review.

**17. ACKNOWLEDGEMENT**

The Board wishes to place on record its appreciation of the valuable co-operation extended to the Company by the employees of the Company, Government Departments, Lending Institutions, Bankers, Suppliers and Customers for their support in the times of difficulty faced by the Company.

FOR AND ON BEHALF OF THE BOARD

**SANTOSH MASKARA**  
CHAIRMAN

Place: Mumbai

Date : 30<sup>th</sup> June 2005.

**ANNEXURE 'I' TO DIRECTORS' REPORT**

**ADDITIONAL INFORMATION AS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.**

**1. CONSERVATION OF ENERGY****(a) ENERGY CONSERVATION MEASURES TAKEN**

Your Company has done overhauling of 1000KVA DG. Your Company is making optimum utilization by changeover of DG (40 KVA, 82 KVA & 1000 KVA) according to the scheduled work plan.

(b) Additional Investments & Proposals, if any, being implemented for Reduction of Consumption of Energy: Rs. Nil

(c) The adoption of energy conservation measures indicated above has resulted in savings in the cost.

(d) Total energy consumption and energy consumption per unit of Production as per Form A for disclosure of particulars w.r.t. Conservation of Energy.

**I. Power and Fuel Consumption**

		Current Year	Previous Year
1	<b>a) Electricity</b>		
	Purchased Units (KWH)	N A	N A
	Total Amount (Rs. in Lacs)	N A	N A
	Per Unit (Rs.)	N A	N A
	<b>b) Own Generation Through Diesel Generators</b>		
	Units (Lacs)	1.82	1.84
	Units per unit of fuel	3.10	3.18
	Cost/Units (Rs)	9.25	8.26
2	<b>L.D.O.</b>		
	Purchased Units (K.Ltrs.)	N A	N A
	Total Amount (Rs. in Lacs)	N A	N A
	Average rate per Ltr (Rs.)	N A	N A

**3 Furnace Oil**

Purchased Units (K.Ltrs.)	N A	N A
Total Amount (Rs. in Lacs)	N A	N A
Per Unit (Rs.) (Per K.Ltrs.)	N A	N A

**Part 'B'****Consumption per unit of Production**

	2004-05	2003-04
Electricity (KWH)		
Texturising / Twisting	N.A	N.A
PET Chips / POY	N.A	N.A
Television/VCD	0.66	1.08

**Note :** The Company manufactures different product mix and separate power meter are not installed for each product. Hence actual consumption for each product is not available.

**Foreign Exchange Earnings and Outgo :**

	2004-05	2003-04
Total Foreign Exchange		
Earned (Rs)	-	-
Total Foreign		
Exchange used (Rs)	5,236,725	33,461,548

**3. TECHNOLOGY ABSORPTION ADAPTATION AND INNOVATION : NIL**

FOR AND ON BEHALF OF THE BOARD

**SANTOSH MASKARA**  
CHAIRMAN

Place: Mumbai

Date : 30<sup>th</sup> June, 2005

**ANNEXURE 'II' TO DIRECTORS' REPORT****Directors' Responsibility Statement as required under section 217(2AA) of the Companies Act, 1956 (The Act) :**

- (i) That in the preparation of the annual accounts for the Year ended March 31, 2005, the applicable accounting standards have been followed. There are no material departures from the applicable accounting standards;
- (ii) That the Directors had 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 and of the profit/loss of the Company for that year;
- (iii) That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) That the Directors had prepared the annual accounts on a going concern basis.

FOR AND ON BEHALF OF THE BOARD

Place : Mumbai

Date : 30<sup>th</sup> June 2005

**SANTOSH MASKARA**  
CHAIRMAN

## POLYGENTA TECHNOLOGIES LIMITED

### ANNEXURE III

#### REPORT ON CORPORATE GOVERNANCE

##### 1. Company's Philosophy on Corporate Governance Code

The Company's philosophy on Corporate Governance is sustained growth, transparency, disclosure, internal controls and internal and external communications, and high standards of accounting fidelity. The Company also complies with the listing requirements of the stock exchange where its shares are listed. The following is a report on the status and progress on major aspects of Corporate Governance.

##### 2. Board of Directors

The Composition of the Board of Directors of the Company meets the stipulated requirements

Name of Director(s)	Category of Directorship	No. of other directorship	No. of Committee membership/ Chairmanship	No. of Committee membership/ Chairmanship in all other companies	No. of Board Meetings attended	Attendance at last AGM
Mr. Santosh Maskara, Chairman	Non-Executive	5	3	-	3	Yes
Mr. Subodh Maskara Managing Director	Executive	Nil	1	-	5	Yes
Mr. Dinesh Sharma, Nominee Director (IFCI-Venture Capital)	Non-Executive Independent	8	3	5	3	Yes

There were five Board meetings held during the year ended 31.03.2005. These were on 24.05.2004, 29.06.2004, 30.07.2004, 29.11.2004 & 31.01.2005. The last Annual General Meeting (AGM) was held on 30.07.2004.

##### 3. Audit Committee

Since the Company has three Directors only, the Audit Committee constituted consists of all the three Directors which includes one executive Director. The said committee was set up by the Board of Directors on 22.04.2001. Terms of Reference of the Audit Committee are as per the guidelines set out in the listing agreements that inter alia, include overseeing financial reporting processes, reviewing with the management the financial statements, accounting policies and practices, adequacy of internal control systems, adequacy of internal audit function and discussion with internal auditors on any significant findings, financial and risk management policies. During the year ended 31.03.2005, four Audit Committee meetings were held. These were held on 29.06.2004, 30.07.2004, 29.11.2004 and 31.01.2005.

Name of Director	Profession	No. of meetings Attended
Mr. Dinesh Sharma, Chairman	Service	3
Mr. Santosh Maskara	Industrialist	2
Mr. Subodh Maskara	Industrialist	4

##### 4. Shareholder Grievance and Share Transfer Committee Meeting:

The Board has constituted a "Shareholders Grievance

& Share Transfer Committee" on 22.04.2001 which looks into shareholders and investors grievances. Composition and attendance at the meeting of the said Committee are as under:

Name of Director	No. of meetings Attended
Mr. Santosh Maskara, Chairman	3
Mr. Dinesh Sharma	3

Mr. Paresh Damania, Company Secretary acts as Compliance Officer

There were no complaints received during the year. Number of pending share transfer as on 31.03.2005 was nil.

##### 5. Remuneration Committee

Remuneration Committee was formed to review the remuneration paid to Managing / Wholtime Director from time to time.

##### Name of Directors :

1) Mr. Dinesh Sharma, Chairman

2) Mr. Santosh Maskara

**POLYGENTA TECHNOLOGIES LIMITED**

Both Directors attended the Meeting. Remuneration committee Meeting was held on June 29, 2004, to review the remuneration of Mr. Subodh Maskara, Managing Director

Details of remuneration paid to Managing director.

Mr. Subodh Maskara, Managing Director was paid Rs. 10,08,000/- as remuneration for 2004-05 as under:

Salary	9,00,000
Co's contribution to PF	1,08,000

He was appointed at the AGM held on April 30, 2001 for a period of 5 Years from April 3, 2001 to April 2, 2006

**6. General Body Meetings**

The previous three Annual General Meeting were held at 2<sup>nd</sup> Floor, Gandhi Mansion, Bomanji Master Street, Kalbadevi, Mumbai 400 002 as per details given below:

Year	Day	Date	Time
2002	Tuesday	30.07.2002	11.00 a.m.
2003	Tuesday	30.09.2003	11.00 a.m.
2004	Friday	30.07.2004	11.00 a.m.

No Special Resolutions were passed during the last 3 AGM.

No Special Resolution was put through postal ballot last year nor proposed this year.

**7. Disclosures**

There are no transactions of material nature with the Directors or the Management or their Subsidiaries or relatives during the year.

Disclosures regarding Related Party Transactions has been made in Note No. 13 to Accounts.

The Company has complied with the requirements of Stock Exchanges, SEBI and other statutory authorities on all matters related to capital markets during the last three years. No penalties have been imposed on the Company by the said authorities.

**8. Means of Communication**

The quarterly results are usually published in The Asian Age (English Newspaper) and Ratnagiri Times or Dainik Sagar (Marathi Newspapers).

**9. General Shareholder Information****A. 23<sup>rd</sup> Annual General Meeting Day, Date, Time and Venue**

Day	Date	Time	Venue
Friday	30-09.05	11.00am	128, Jolly Maker, Chambers II, Nariman Point, Mumbai - 400 021.

**B. Financial Calendar**

**Financial Year** 1st April to 31st March

**Adoption of Quarterly****Results for quarter ending :**

June, 2005	Last week of July, 2005
September, 2005	Last week of November, 2005
December, 2005	Last week of January, 2005
March, 2006	Last week of June, 2006

**Annual Book Closure**

27.09.2005 to 30.09.2005  
(Both days inclusive)

**Dividend Payment Date** Not Applicable as no dividend is recommended.

**C. Listing on Stock Exchanges :**

The equity shares of the Company are listed on the Stock Exchange, Mumbai.

Stock Code : 514486

The Company has paid the annual listing fees for the year 2005-06 to the said exchange.

**D. Market Price Data :**

**Month** **Bombay Stock Exchange** **BSE Sensex**

	High	Low	High	Low
March 2005	12.00	12.00	6955	6321

The Company's shares were not traded on the Stock Exchange on daily basis hence the high and low prices of the shares are given as and when the shares were traded.

**E. Registrar & share Transfer Agents :**

The name and address of Share Transfer agents is as under:

M/s Mondkar Computers Pvt. Ltd.  
21, Shakil Niwas, Opp. Satya Sai Baba Temple  
Mahakali Caves Road, Andheri (E), Mumbai : 400 093  
Phone No.: 28257641 / 28366620  
Telefax: 28211996

**F. Share Transfer system:**

With a view to expedite the process of share transfers, the Board of Directors has delegated the power of share transfer to Share Transfer Agents. The shares for transfer are transferred expeditiously within 3 weeks.

**G. Dematerialisation of Shares :**

The Company has entered into a contract with CDSL. As on 31/03/2005, 6.28% of shares are held in Dematerialized form

**H. Shareholding Pattern as on 31.03.2005 :**

Category	No. of Shares	%
Promoters	6,120,000	31.50%
Bodies Corporate	3,026,500	15.57%
NRIs/OCBs	5,293,788	27.25%
Banks, Financial Institutions	508,580	2.62%
Mutual Funds	3,000,000	15.44%
Public	1,480,320	7.62%
<b>Total</b>	<b>19,429,188</b>	<b>100.00%</b>



**POLYGENTA TECHNOLOGIES LIMITED****I. Distribution of Shareholding as on 31st March, 2005:**

Share Holding (Rs.)		Share Holders		Share Holdings		Share Amount	
		Number	% of Total	Holdings	% Total	Rs.	% Total
1		2	3	4	5	6	7
Upto 500	500	992	81.579	154,150	0.793	1,541,500	0.793
500 - 1,001	1,000	66	5.428	55,600	0.286	556,000	0.286
1,001 - 2,001	2,000	36	2.961	60,000	0.309	600,000	0.309
2,001 - 3,001	3,000	25	2.056	66,700	0.343	667,000	0.343
3,001 - 4,001	4,000	7	0.576	26,500	0.136	265,000	0.136
4,001 - 5,001	5,000	5	0.411	23,500	0.121	235,000	0.121
5,001 - 10,001	10,000	23	1.891	199,200	1.025	1,992,000	1.025
10,001 and above		62	5.098	18,843,538	96.987	188,435,380	96.987
<b>TOTAL</b>		<b>1216</b>	<b>100.000</b>	<b>19,429,188</b>	<b>100.000</b>	<b>194,291,880</b>	<b>100.000</b>

**Liquidity of Shares :** The Equity Shares of the Company are included under Z category at The Stock Exchange, Mumbai.

**10. Plant locations :**

Gate No. 265/2,266, Village Avankhed, Taluka Dindori, Dist Nashik 422 201.

**11. Address for Correspondence:**

The shareholders may address their communications/ suggestions/grievances/queries to :

The Company Secretary,  
Polygenta Technologies Limited  
2nd Floor, Gandhi Mansion,  
Bomanji Master Street, Kalbadevi,  
Mumbai 400002

**OR**

The Registrar & Transfer agents  
M/s Mondkar Computer Services Pvt. Ltd  
25, Shakil Niwas,  
Opp. Satya Saibaba Temple  
Mahakali Caves Road,  
Andheri (East), Mumbai - 400 093

**12. Auditors' Report on Corporate Governance:****CERTIFICATE**

To the Members of  
Polygenta Technologies Ltd.  
Mumbai

We have examined the compliance of conditions of corporate Governance by M/s. Polygenta Technologies Ltd. for the year ended on 31<sup>st</sup> March, 2005, as stipulated in clause 49 of the Listing Agreement of the said company with stock exchanges of India.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to a review of 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 in all material respects with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement except that since the Company has three Directors only, Audit Committee constituted consists of all the three Directors which includes two non-independent Directors (one of them being the Managing Director) which is in non-compliance with the requirements of Listing Agreement with the Stock Exchange.

As required by the guidance note issued by the Institute of Chartered Accountants of India, we have to state that based on the report given by the Registrar and Share Transfer Agent of the Company to the Share Transfer Cum Shareholders/ Investors Grievance Committee, as on 31st March, 2005 and as per the records maintained by the Company, there were no investor grievances matters against the Company remaining unattended/pending for more than thirty days.

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 LODHA & COMPANY**  
**Chartered Accountant**

**R.P. Baradiya**  
Partner  
M.No. 44101

Place : Mumbai  
Dated: 30<sup>th</sup> June, 2005



**POLYGENTA TECHNOLOGIES LIMITED****ANNEXURE IV****MANAGEMENT DISCUSSION AND ANALYSIS REPORT****Industry Structure and Developments:**

Electronics : The operations in Electronics Division has been discontinued after September 2004 as discussed elsewhere in Directors' Report.

PET Division : The Company is making its best efforts for revival of this division.

**Opportunities & Threats:**

The Company will be in a better position to discuss this on restarting of the operations as discussed elsewhere in this report.

**Risks and Concerns:**

The Company will be in a better position to discuss this on restarting of the operations as discussed elsewhere in this report.

**Segment-Wise Performance:**

Business segment as primary segment:

Sr. No.	Segment	Sales / Service Revenue (Rs. in lakhs)
1.	Electronic Division	77,65.40
2.	Polyester Division	-

**Internal Control Systems and their Adequacy:**

The company is constantly enhancing its internal control system commensurate with its size and nature of business with regard to purchase of stores, raw materials including components, plants and machinery, equipments and other assets.

In continuation with our efforts towards aligning IT with business, the connectivity between Nashik and our corporate office at Mumbai has been established. This has enabled to get real time plant data to be viewed online while being at Head office.

**Financial and Operational Performance:**

The sales turnover of the company has reduced to Rs.78 crores as compared to Rs.155 crores for the previous year. This is because Electronics business has been discontinued after September 2004 as discussed in the Directors Report.

**Human Resource Development and Research Activities:**

Continuous training emerged as a priority in a rapidly changing external environment. The Company initiated its process of assessing the training needs from the performance appraisal feedback forms and efficiency checks in a small way. The Management strongly feels that the company's strength lies in its human resource. Promoted, directed and managed by technocrats, it is ably

supported by 121 employees in various areas of expertise.

In a major step towards developing into a Performance Driven Culture, the company has implemented the system of KRA / KPI's for all its employees. The Company also has plans to initiate various employee motivation programs to generate a feeling of ownership towards the company.

**ADDITIONAL INFORMATION ON DIRECTORS RECOMMENDED FOR APPOINTMENT / REAPPOINTMENT OR SEEKING ELECTION AT THE ANNUAL GENERAL MEETING AS PRESCRIBED UNDER THE LISTING AGREEMENT**

Following is the brief resume of the Director seeking re-election or re-appointment as Director/Managing/Joint Managing / Wholtime Director:

**Mr. Santosh Maskara**, aged 60 years, and has over 37 years of diverse business experience. He is a commerce graduate and is the main promoter of the company. His business acumen, entrepreneurial zeal and organizational skill have been instrumental in helping the company achieve significant growth. He is presently the Chairman of the Board of Directors.

**FOR AND ON BEHALF OF THE BOARD**

**SANTOSH MASKARA  
CHAIRMAN**

Place : Mumbai

Date : 30<sup>th</sup> June, 2005