

POLYGENTA TECHNOLOGIES LTD.

Report Junction.com

24th ANNUAL REPORT 2005-06

POLYGENTA TECHNOLOGIES LIMITED -

2005-06

BOARD OF DIRECTORS

Mr. Santosh Kumar Maskara

Chairman

Mr. Subodh Maskara,

Managing Director

Mrs. Bhavana Rao,

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

A 5/4, MIDC,

Murbad.

District Thane (Maharashtra).

265/2, 266, Village Avankhed,

Taluka Dindori,

District Nashik.

Pin 422 201

AUDITORS

M/s Lodha & Company

Chartered Accountants,

6, Karim Chambers,

40, Ambalal Doshi Marg,

Mumbai 400 023.

NOTICE

NOTICE is hereby given that the Twenty- fourth Annual General Meeting of Members of Polygenta Technologies Limited will be held on Saturday, 30th September, 2006 at the Registered Office of the Company at 128, Jolly Maker Chambers II, Nariman Point, Mumbai: 400 021 at 5.00 p.m. to transact the following business:

Ordinary Business: -

- 1) To consider and adopt the Directors Report and the Audited Profit and Loss Account for the year ended March 31, 2006 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.

Special Business: -

4) To consider and if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution:

"RESOLVED THAT subject to the approval of the shareholders in AGM and pursuant to the provisions of Sections 198,269, 310 and 311 and other applicable provisions, if any, of the Companies Act, 1956 and subject to Approval of the Central Government, if required, the Company hereby approves the appointment of Mr. Subodh Maskara, as the Managing Director of the Company for a period of 5 years with effect from April 03, 2006 on the terms and conditions including the remuneration as mentioned below as mentioned in the explanatory statement, with liberty to the Board of Directors to alter and vary the terms and conditions and/ or remuneration, subject to the not exceeding the limits specified under Schedule XIII to the Companies Act, 1956 or any other statutory modification(s) or re-enactments thereof.

RESOLVED FURTHER THAT the Board be and is hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this resolution.

To consider and if thought fit, to pass with or without modification the following resolution as an ordinary resolution: "RESOLVED THAT the consent of the Company be and is hereby accorded under Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 to the Board to sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company at Nashik & Murbad"

Explanatory Statement Pursuant to Section 173(2) of the Companies Act, 1956

Item No.4

- The Managing Director shall, subject to the supervision and control of the Board of Directors of the Company, manage the business and affairs of the Company.
- b) Period of Appointment:
 - April 03, 2006 to April 02, 2011
- c) Remuneration payable to him:
 - i) Salary: Rs. 75,000/- per month.
 - ii) Perquisites:
 - a.) For the purpose of calculating the above ceiling, perquisites shall be evaluated as per Income Tax Rules, wherever applicable. The following perquisites shall not be included in the computation of the perquisites:
 - Company's contribution to Provident Fund, Superannuation Fund and Annuity Fund up to the tax exempt limit,
 - Gratuity payable at a rate not exceeding half a month's salary for each Completed year of service and

- 3) Encashment of leave at the end of the tenure shall not be included in the computation of the perquisites.
- b.) Car for use on Company's business and telephone and other communications facilities at residence will not be considered as perquisites.
- iii) In the event of loss or inadequacy of profits in any financial year, the Managing Director shall be paid remuneration by way of salary and perquisites as specified above.
- iv) The Managing Director, so long as he functions as such, shall not be paid any sitting fees for attending meetings of the Board of Directors or Committees thereof.

Apart from the above, He will be entitled to reimbursement of entertainment, travelling and other all expenses incurred by him for the business of the Company.

Item No.5

As the shareholders are aware, the PET Chip at Nashik Project was capitalized in an earlier year with the technology from Inventa Fischer GmbH & Co., KG. However this technology failed. The Company is considering various options to salvage the value of its assets. One of the options is to dispose off the assets subject to permission of the Banks/ Financial Institutions.

Murbad Unit is under closure since January 2000. Management is looking at the possibility of selling the same as per direction from BIFR.

Selling or disposing of the assets requires shareholders' approval. Your Directors recommend the shareholders to give authority to the Board to dispose off the whole or substantially the whole of the Undertakings at Nashik & Murbad.

By order of the Board

Paresh Damania Company Secretary

Mumbai

Date: 30th June, 2006

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.
- 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.

DIRECTORS REPORT

To, The Members of Polygenta Technologies Limited,

The Directors have pleasure in presenting to you the **Twenty-fourth** Annual Report and Audited Accounts for the accounting year ended March 31, 2006.

1. FINANCIAL RESULTS

	2005-2006	2004-2005
Sales & Other Income	40,690,460	778,369,090
Profit /(Loss) before		
Depreciation & Interest	(6,200,447)	(15,258,089)
Depreciation	28,996,851	29,111,242
Borrowing Cost	120,479	130,032
Profit / (Loss) before tax	(35,317,777)	(44,499,362)
Prior Period Taxation	(73,647)	-
FBT	(515,078)	
Exceptional Items	(503,660)	44,099,038
Profit / (Loss) after		
Exceptional item	(36,410,162)	(400,323)
Balance of loss b/f from	, , , ,	
earlier previous year	(923,434,935)	(923,034,612)
BALANCE OF LOSS		, , , ,
CARRIED TO THE B/S	(959,845,097)	(923,434,935)

2. DIVIDEND

In view of the losses during the year, your Directors do not recommend declaration of dividend for the year ended March 31, 2006.

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 was awarded and discounted in the previous year.

Your company is evaluating various options to salvage the investments made including disposing off the assets.

c) Electronics Division:

The Company has provided services worth Rs.160.5 lakhs and earned net income of Rs.30 lakhs.

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 reappointment.

Mr. Subodh Maskara has been reappointed as Managing Director for a period of 5 years w.e.f April 3 ,2006 subject to approval of the Shareholders and Central Govt.'s permission, if required.

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 31st March 2006 amounted to 95.98 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.

9.25

Current Previous

10.91

14.	CORPOR	ATE GO	VERNANCE
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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.

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
CHAIDMAN

Place: Mumbai

Date: 30th June 2006.

ANNEXURE 'I' TO DIRECTORS' REPORT

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

CONSERVATION OF ENERGY

- (a) ENERGY CONSERVATION MEASURES TAKEN Not applicable as the Plant was not operational during the year.
- (b) Additional Investments & Proposals, if any, being implemented for Reduction of Consumption of Energy: Rs. Nil
- (c) Total energy consumption and energy consumption per unit of Production as per Form A for disclosure of particulars w.r.t. Conservation of Energy.

A.	Power and	Fuel	Consumption
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Cost/Units (Rs)

			Year	Year
١	a)	Electricity		
		Purchased Units (KWH)	NA	NA
		Total Amount (Rs. in Lacs)	NA	NA
		Per Unit (Rs.)	NA	NA
	b)	Own Generation Through		
	•	Diesel Generator		
		Units (Lacs)	1.40	1.82
		Units per unit of fuel	参 ₹ 3.10	3.10

L.D.O.		
Purchased Units (K.Ltrs.)	NA	NA
Total Amount (Rs. in Lacs)	NA	NΑ
Average rate per Ltr (Rs.)	NA	N A

NA	NΑ
NΑ	ΝA
NA	NΑ
	NΑ

Consumption per unit of Production

	2005-06	<u>2004-05</u>
Electricity (KWH)		
Television/VCD		0.66

Note: There is no production during the year.

Foreign Exchange Earnings and Outgo:

		<u>2005-06</u>	2004-05
Total Foreign E	xchange.		
Earned	(Rs)	92,93,250	-
Total Foreign	• •		
Exchange used	(Rs)	13.26.517	52,45,555

TECHNOLOGY ABSORPTION ADAPTATION AND INNOVATION: NIL

FOR AND ON BEHALF OF THE BOARD

SANTOSH MASKARA **CHAIRMAN**

Place: Mumbai Date: 30th June, 2006

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, 2006, 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

SANTOSH MASKARA CHAIRMAN

Place: Mumbai

Date: 30th June, 2006

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	3	3	-	5	Yes
Mr. Subodh Maskara Managing Director	Executive	. 3	1	-	5	Yes
Mr. Dinesh Sharma, Nominee Director (IFCI-Venture Capital) (Left w.e.f. 30 Sept.'05)	Non-Executive Independent	1	3	5	1	No
Mrs. Bhavana Rao, Nominee Director (IFCI - Venture Capital)	Non-Executive Independent	1	3	1	2	No

There were five Board meetings held during the year ended 31.03.2006. These were on 30.06.2005, 31.07.2005, 30.09.2005, 26.11.2005 & 31.01.2006 The last Annual General Meeting (AGM) was held on 30.09.2005.

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 31.03.2006, five Audit Committee meetings were held. These were held on 30.06.2005, 30.07.2005, 30.09.2005, 26.11.2005 and 31.01.2006.

Name of Director	Profession	No. of Meetings Attended
Mrs. Bhavana Rao	Service	2
Mr. Dinesh Sharma (Since left)	Service	rt (
Mr. Santosh Maskara	Industrialist	5
Mr. Subodh Maskara	Industrialist	5

The Company secretary acts as the Secretary of the Audit Committee.

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	8
Mrs. Bhavana Rao	5
Mr. Dinesh Sharma (Since left)	3

The Company Secretary acts as Compliance Officer

There were no complaints received during the year. Number of pending share transfer as on 31.03.2006 was nil.

5. Remuneration Committee

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

Name of Directors:

- 1) Mrs. Bhavana Rao, Chairperson
- 2) Mr. Dinesh Sharma, (Since left)
- 3) Mr. Santosh Maskara

Both Directors, Mr. Dinesh sharma & Mr. Santosh Maskara attended the Meeting. Remuneration committee Meeting was held on June 30, 2005, 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 2005-06 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 as per details given below:

Year	Day	Dáte	Time	Venue
2003	Tuesday	30.09.2003	11.00 a.m.	2 nd Floor, Gandh Mansion, Bomanji Master Road, Mumbai - 400002
2004	Friday	30.07.2004	11.00 a.m.	2 nd Floor, Gandhi Mansion, Bomanji Master Road, Mumbai -400002
2005	Friday	30.09.2005	11.00 a.m	128, Jolly Maker Chambers II, Nariman Point, Mumbai 400021

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, carried out during the year with any related parties i.e. Promoters, Directors, Relatives, Subsidiary, or Management except payment of remuneration to MD in normal course of business.

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 or strictures have been imposed on the Company by the said authorities. The Company has complied with all the mandatory requirements of Clause 49 of the Listing Agreement. The Company is in the process of adopting the nonmandatory requirements of Clause 49 in due course of time.

Means of Communication

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

General Shareholder Information

24 th Annual General Meeting - Day, Date, Time and Venue

Day	Date	Time	Venue
Saturday	30-09-06	5.00 p.m.	128, Jolly Maker Chambers II, Nariman Point, Mumbai: 400 021

Financial Calendar

Financial Year Adoption of Quarterly

1st April to 31st March

Results for quarter ending:

June, 2006	Last week of July, 2006
September, 2006	Last week of November, 2006
December, 2006	Last week of January, 2006
March, 2007	Last week of June, 2007

Annual Book Closure 25-09-2006 to 30-09-2006 (Both days inclusive)

Dividend Payment Date Not Applicable as no dividend is recommended.

Listing on Stock Exchanges:

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

Stock Code: 514486

The Company has paid the annual listing fees for the year 2006-07 to the said exchange.

Market Price Data:

Month	Bombay Stock Exchange		
	High	Low	
September 2005	14.40	14.40	
January 2006	15.87	13.69	
February 2006	13.60	11.68	
March 2006	11.10	6.69	

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

M/s Mondkar Computers Pvt. Ltd. 21, Shakil Niwas, Opp. Satva Saibaba Temple Mahakali Caves Road,

Andheri (E) Mumbai: 400 093

Phone No.: 28257641/28366620

Telefax: 28211996

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 & NSDL.

As on 31/03/2006, 12.03% of shares are held in Dematerialized form

Shareholding Pattern as on 31.03.2006:

Category	No. of Shares	%
Promoters	6,120,000	31.50%
Bodies Corporate	2,653,400	13.66%
NRIs/OCBs	5,293,788	27.24%
Banks, Financial		
Institutions	508,580	2.62%
Mutual Funds	3,000,000	15.44%
Public	1,471,220	7.57%
Any Other Clearin	a	
Members	382,200	1.97%
Total	19,429,188	100.00%

I. Distribution of Shareholding as on 31st March, 2006:

Sha	re Hoi	ding	Share H	loiders	Share Holdings Share Amount		ount	
	(Rs.)		Number	% of Total	Holdings	% Total	Rs.	% Total
	1		. 2	. 3	4	5	6	7
Upto		500	981	81.682	152,050	0.783	1,520,500	0.783
500		1,000	65	5.412	54,700	0.282	547,000	0.282
1,001	-	2,000	33	2.748	55,500	0.286	555,000	0.286
2,001	-	3,000	24	1.998	64,000	0.329	640,000	0.329
3,001	-	4,000	7	0.583	26,500	0.136	265,000	0.136
4,001	-	5,000	4	0.333	19,100	0.098	191,000	0.098
5,001	-	10,000	25	2.082	214,000	1.101	2,140,000	1.101
10,001	and	above	62	5.162	18,843,338	96.985_	188,433,380	96.985
TOTAL			1201	100.000	19,429,188	100.000	194,291,880	100.000

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 128, Jolly Maker Chambers II, Nariman Point, Mumbai 400021.

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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 Polygenta Technologies Ltd., for the year ended on 31st March, 2006, as stipulated in clause 49 of the Listing Agreement of the said company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination 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 Corporate Governance as stipulated in the abovementioned 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.

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 Accountants

R.P. Baradiya

Partner M.No. 44101

Place: Mumbai Dated: 30th June ,2006

ANNEXURE IV

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Industry Structure and Developments:

Electronics Division: Your Company has continued to give the services for Manufacturing, Quality Control & supervision of Electronics Plant of a Company in Kolhapur.