



***POLYGENTA TECHNOLOGIES LTD.***

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**25th ANNUAL REPORT**

**2006-07**

**POLYGENTA TECHNOLOGIES LIMITED****2006-07**

<b>BOARD OF DIRECTORS</b>	:	Mr. Santosh Kumar Maskara Mr. Subodh Maskara, Mrs. Bhavana Rao,	Chairman Managing Director IFCI Venture Capital Nominee (Upto 14.05.2007)
<b>COMPANY SECRETARY</b>	:	Mr. Paresh Damania (upto 28.02.2007)	
<b>BANKERS</b>	:	Dena Bank Union Bank of India State Bank of Bikaner and Jaipur	
<b>REGISTERED OFFICE</b>	:	128, Jolly Maker Chambers II, Nariman Point, Mumbai 400 021.	
<b>FACTORY</b>	:	A 5/4, MIDC, Murbad, District Thane (Maharashtra).  265/2, 266, Village Avankhed, Taluka Dindori, District Nashik. Pin 422 201	
<b>AUDITORS</b>	:	M/s Lodha & Company Chartered Accountants, 6, Karim Chambers, 40, Ambalal Doshi Marg, Mumbai 400 023.	

**NOTICE**

NOTICE is hereby given that the Twenty Fifth Annual General Meeting of Members of Polygenta Technologies Limited will be held on Saturday, 29<sup>th</sup> September, 2007 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 Audited Profit & Loss account for the year ended 31<sup>st</sup> March, 2007 and the Balance Sheet as at that date together with Report of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Santosh Maskara, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint auditors and fix their remuneration.
4. 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 off the whole or substantially whole of the electronics division of the company".

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

**Item No. 4**

As the shareholders are aware, the electronics division of the company was discontinued in past. Currently company was using its expertise developed in this field by providing services in this segment to another company. However this segment is no longer creating value for company. The company is of the opinion to dispose off the division.

Selling or disposing of the assets requires shareholder's approval, Your Directors recommend the shareholders to give authority to the Board to dispose off the whole or substantially whole of the Electronics division of the Company.

By Order of the Board

Santosh Maskara  
Chairman

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
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 information ready.

**DIRECTORS REPORT**

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

The Directors have pleasure in presenting to you the **Twenty-fifth** Annual Report and Audited Accounts for the accounting year ended March 31, 2007.

**1. FINANCIAL RESULTS**

	<b>2006-2007</b>	<b>2005-2006</b>
Income from Operation	50,453,036	40,086,276
<b>Profit / (Loss) before</b>		
<b>Depreciation &amp; Interest</b>	<b>11,291,912</b>	<b>(5,912,151)</b>
Depreciation	28,345,093	28,996,850
Borrowing Cost	122,231	120,479
<b>Profit/(Loss) before tax</b>	<b>(17,175,412)</b>	<b>(35,029,480)</b>
Prior Period Taxation	-	(73,647)
FBT	(370,701)	(515,078)
Exceptional Items	941,998	(791,957)
<b>Profit / (Loss) after</b>		
<b>Exceptional item</b>	<b>(16,604,115)</b>	<b>(36,410,162)</b>
Balance of loss b/f from earlier previous year	(959,845,097)	(923,434,935)
<b>BALANCE OF LOSS CARRIED TO THE B/S</b>	<b>(976,449,212)</b>	<b>(959,845,097)</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, 2007.

**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 Company is in advanced stage of discussion with Foreign Strategic / Financial Investors and a revival scheme will be presented to the stakeholders for approval shortly.

**c) Electronics Division :**

The Company has provided services worth Rs.181.93 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 re-appointment.

In accordance with provisions of the companies Act, 1956, Mrs. Bhavana Rao, Nominee Director (IFCI Venture Capital) has resigned from Board of Directors and she is being reviled with effect from 14<sup>th</sup> May 2007.

**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 '17' 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

**POLYGENTA TECHNOLOGIES LIMITED****2006-07**

per the audited accounts for the year ended 31<sup>st</sup> March 2007 amounted to 97.65 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.

**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: 29.06.2007

**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**

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**

	Current Year	Previous Year
<b>1 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 Generator</b>		
Units (Lacs)	0.21	1.4
Units per unit of fuel	15.56	3.1
Cost/Units (Rs)	23.92	10.91
<b>2 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
<b>3 Furnace Oil</b>		
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

**B Consumption per unit of Production**

**Note :** There is no production during the year.

**2. Foreign Exchange Earnings and Outgo :**

	2006-07	2005-06
Total Foreign Exchange Earned (Rs)	19,306,920	92,93,250
Total Foreign Exchange used (Rs)	855,200	13,26,517

**3. TECHNOLOGY ABSORPTION ADAPTATION AND INNOVATION : NIL****FOR AND ON BEHALF OF THE BOARD**

**SANTOSH MASKARA**  
**CHAIRMAN**

Place: Mumbai  
Date: 29.06.2007

**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, 2007, 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: 29.06.2007

**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	-	4	Yes
Mr. Subodh Maskara Managing Director	Executive	4	2	-	4	Yes
Mrs. Bhavana Rao, Nominee Director (IFCI - Venture Capital) Left Since 14.05.2007	Non-Executive Independent	1	3	1	3	No

There were four Board meetings held during the year ended 31.03.2007. These were on 30.06.2006, 31.07.2006, 24.11.2006, 31.01.2007. The last Annual General Meeting (AGM) was held on 30.09.2006.

### 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 31.03.2007, four Audit Committee meetings were held. These were held on 30.06.2006, 31.07.2006, 24.11.2006, 31.01.2007.

Name of Director	Profession	No. of meetings attended
Mrs. Bhavana Rao	Service	3
Mr. Santosh Maskara	Industrialist	4
Mr. Subodh Maskara	Industrialist	4

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	3
Mrs. Bhavana Rao	0
Mr. Subodh Maskara	3

The Company Secretary acts as Compliance Officer

There were no complaints received during the year. Number of pending share transfer as on 31.03.2007 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) Mrs. Bhavana Rao, Chairperson
- 2) Mr. Santosh Maskara

Both Directors, Mrs. Bhavan Rao & Mr. Santosh Maskara attended the Meeting. Remuneration committee Meeting was held on June 30, 2006 to review the remuneration of Mr. Subodh Maskara, Managing Director.

Subject to Approval of Government, Details of remuneration to Managing director.

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

He was appointed at the AGM held on September 30, 2006 for a period of 5 Years from April 3, 2006 to April 2, 2011

### 6. General Body Meetings

The previous three Annual General Meeting were held as per details given below:

Year	Day	Date	Time	Venue
2004	Friday	30.07.2004	11.00 a.m.	2 <sup>nd</sup> 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
2006	Saturday	30.09.2006	5.00 p.m.	128, Jolly Maker Chambers II, Nariman Point, Mumbai - 400021

No Special Resolutions were passed during the last 3AGM.

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

**POLYGENTA TECHNOLOGIES LIMITED****2006-07****7. Disclosures**

There are no transactions, carried out during the year with any related parties i.e. Promoters, Directors, Relatives, Subsidiary, or Management.

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 non-mandatory requirements of Clause 49 in due course of time.

**8. Means of Communication**

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

**9. General Shareholder Information****A. 25 th Annual General Meeting Day, Date, Time and Venue**

Day	Date	Time	Venue
Saturday	29th September 2007	5.00 p.m.	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, 2007	Last week of July, 2007
September, 2007	Last week of November, 2007
December, 2007	Last week of January, 2008
March, 2008	Last week of June, 2008

<b>Annual Book Closure</b>	24-09-2007 to 29-09-2007 (Both days inclusive)
<b>Dividend Payment Date</b>	Not Applicable as no dividend is recommended.

**C. 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 2007-08 to the said exchange.

**D. Market Price Data :**

Month	Bombay Stock Exchange	
	High	Low
July 2006	5.47	4.24
October 2006	0.95	0.95
November 2006	0.99	0.95
March 2007	1.03	1.03

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 Saibaba 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 & NSDL.

As on 31/03/2007, 30.15% of shares are held in Dematerialized form

**H. Shareholding Pattern as on 31.03.2007 :**

Category	No. of Shares	%
Promoters	6,120,000	31.50%
Bodies Corporate	3,035,300	15.62%
NRIs/OCBs	5,293,788	27.24%
Banks, Financial Institutions	3,508,580	18.06%
Public	1,471,420	7.57%
Any Other—Clearing Members	100	0.01%
<b>Total</b>	<b>19,429,188</b>	<b>100.00%</b>

**POLYGENTA TECHNOLOGIES LIMITED****2006-07****I. Distribution of Shareholding as on 31st March, 2007:**

Share Holding		Share Holders		Share Holdings		Share Amount	
(Rs.)		Number	% of Total	Holdings	% Total	Rs.	% Total
1		2	3	4	5	6	7
Upto 500		982	81.97	152850	0.787	15282500	0.787
500 - 1,000		62	5.175	52300	0.269	523000	0.269
1,001 - 2,000		32	2.671	53000	0.273	530000	0.273
2,001 - 3,000		24	2.003	64000	0.329	640000	0.329
3,001 - 4,000		8	0.668	30500	0.157	305000	0.157
4,001 - 5,000		4	0.334	19100	0.098	191000	0.098
5,001 - 10,000		24	2.003	204600	1.053	2046000	1.053
10,001 and above		62	5.175	18852838	97.034	188528380	97.034
<b>TOTAL</b>		<b>1198</b>	<b>100</b>	<b>1,94,29,188</b>	<b>100</b>	<b>19,42,91,880</b>	<b>100</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 Compliance Officer  
Polygenta Technologies Limited  
128, Jolly Maker Chambers II,  
Nariman Point,  
Mumbai 400021

**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 Polygenta Technologies Limited, for the year ended on 31<sup>st</sup> March, 2007, as stipulated in clause 49 of the Listing Agreement of the said company with stock exchanges in India.

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 generally 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 Accountant**

A. M. Hariharan  
Partner  
M No: 38232

Place: Mumbai  
Dated: 29.06.2007