



**POLYGENTA TECHNOLOGIES LIMITED**

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**26th ANNUAL REPORT**  
**2007-08**

**POLYGENTA TECHNOLOGIES LIMITED****2007-08**

**BOARD OF DIRECTORS** :

Mr. Santosh Kumar Maskara	Chairman
Mr. Subodh Maskara	Managing Director
Mr. Vinit Kumar Baid	Independent Director
Mr. Amit Haria	Independent Director
Mr. Prakash Chandra Lohumni	Special Director appointed by BIFR

**BANKERS** : HDFC Bank Limited

**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 Sixth Annual General Meeting of Members of Polygenta Technologies Limited will be held on Tuesday, 30<sup>th</sup> September, 2008 at the Registered office of the company at 128, Jolly Maker Chambers II, Nariman Point, Mumbai-400 021 at 11.00AM 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, 2008 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.

**Special Business:-**

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

"RESOLVED THAT Mr. Amit Haria, who was appointed as an Additional Director on 31<sup>st</sup> October, 2007, and in respect of whom the Company has received notice in writing along with a deposit of Rs. 500/- from a member proposing him as a candidate for the office of director under the provisions of Section 257 of the Companies Act, 1956, and who is eligible for appointment to the office of director, be and is hereby appointed as a Director of the Company.

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

"RESOLVED THAT Mr. Vinit Kumar Baid, who was appointed as an Additional Director on 31<sup>st</sup> October, 2007, and in respect of whom the Company has received notice in writing along with a deposit of Rs. 500/- from a member proposing him as a candidate for the office of director under the provisions of Section 257 of the Companies Act, 1956, and who is eligible for appointment to the office of director, be and is hereby appointed as a Director of the Company.

6. To consider and if thought fit, to pass with or without modification the following resolution as a Special Resolution :

"RESOLVED THAT in accordance with the approval of the Remuneration Committee and subject to the provisions of Sections 198, 269, 309, 310, 311, Schedule XIII and other applicable provisions of the Companies Act, 1956, (including any statutory modification or re-enactment thereof, for the time being in force) the consent of the Board of Directors be and is hereby accorded to the appointment of Mr. Subodh Maskara as Managing Director of the Company for a period of three years with effect from July 1, 2008 and to his receiving remuneration Rs. 3,00,000/- per month as Basic salary with an increment upto maximum of Rs. 900,000/- per annum."

"RESOLVED FURTHER THAT Mr. Subodh Maskara shall be entitled to perquisites not exceeding Rs. 3,00,000 (Rupees Three Lacs per month) with an increment upto maximum of 20% per annum, including HRA, Personal Allowance, Performance Incentives, Accommodation, Medical Allowance, Leave Travel Allowance, Vehicle Allowance or any other allowance as per the policy of the company."

**RESOLVED FURTHER THAT** the remuneration aforesaid will be exclusive of:

- (i) Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.

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(ii) Gratuity payable in accordance with the rules and regulations of the company.

**"RESOLVED FURTHER THAT** the Board of Directors or its Committee be and is hereby authorized from time to time to amend, alter or otherwise vary the terms and conditions of the appointment of Mr. Subodh Maskara including remuneration, provided that such remuneration shall not exceed the maximum limits for payment of remuneration as may be admissible to him, within the overall limits specified by the Central Government;

**RESOLVED FURTHER THAT** Mr. Subodh Maskara Director be and is hereby authorized to file Form No. 23 and 25A with the Registrar of Companies, Maharashtra, Mumbai and Central Government and to do all such acts, deeds and things as may be necessary, desirable or appropriate to give effect to this resolution."

By the Order of the Board of Directors

**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.
4. The requisite explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 is attached hereto for items of special business listed in Item Nos. 4, 5 and 6 of the notice.

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

**Item No. 4**

Mr. Amit Haria has been appointed as an Additional Director effective 31<sup>st</sup> October, 2007 pursuant to Section 260 of the Companies Act, 1956 read with Article 114 of the Articles of Association of the company and holds office until the conclusion of the forthcoming Twenty Sixth Annual General Meeting. Mr. Amit Haria has indicated his eligibility for appointment as a director of the company and notice has been received in writing along with a deposit of Rs. 500/- from a member proposing him as a candidate for the office of director under the provisions of Section 257 of the Companies Act, 1956.

The Directors recommend the adoption of the resolution at Item No. 4 of the Notice.

Except Mr. Amit Haria, the appointee, who may be considered to be interested in the resolution to the extent of his appointment, none of the other directors may be in any way considered to be concerned or interested in this resolution.

**Item No. 5**

Mr. Vinit Kumar Baid has been appointed as an Additional Director effective 31<sup>st</sup> October 2007 pursuant to Section 260 of the Companies Act, 1956 read with Article 114 of the Articles of Association of the company and holds office until the conclusion of the forthcoming Twenty Sixth Annual General Meeting. Mr. Vinit Kumar Baid has indicated his eligibility for appointment as a director of the company and notice has been received in writing along with a deposit of Rs. 500/- from a member proposing him as a candidate for the office of director under the provisions of Section 257 of the Companies Act, 1956.

The Directors recommend the adoption of the resolution at Item No. 4 of the Notice.

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Except Mr. Vinit Kumar Baid, the appointee, who may be considered to be interested in the resolution to the extent of his appointment, none of the other directors may be in any way considered to be concerned or interested in this resolution.

**Item No. 6**

The Current term of Mr. Subodh Maskara, who was appointed as the Managing Director of the Company by the members in the Twenty Fourth Annual General Meeting, ends on April 2, 2011. Your Company has been paying remuneration to him in accordance with the said resolution of Rs. 75,000/- per month. However, in recognition of the contribution made by him towards the restructuring of the company's operations, the Board proposes to pay him remuneration commensurate with the role and responsibilities undertaken by him and his potential for taking up the tasks ahead. Approval of the Remuneration Committee has been obtained in respect of the proposed revised remuneration and will come into effect from 1<sup>st</sup> July, 2008.

The terms as approved by the Remuneration Committee and proposed for your approval is as under:-

- a. **Basic Salary**  
Rs. 3,00,000/- (Rupees Three Lacs Only) per month with an annual increment of Rs. 9,00,000/- per annum.
- b. **Perquisites**  
Mr. Subodh Maskara will also be eligible to such benefits, schemes, allowances and perquisites as may be paid or may become applicable to other senior executives of the Company, including HRA, Personal Allowance, Performance Incentives, Accommodation, Medical Allowance, Leave Travel Allowance, Vehicle Allowance or any other allowance as per the policy of the company so long as they do not exceed Rs. 3,00,000/- (Rupees Three Lacs) per month with an increment upto a maximum of 20% per annum during the tenure of this resolution.
- c. **The Salary and perquisites mentioned at items (a) and (b) above shall be exclusive of:**
  - (i) Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
  - (ii) Gratuity payable in accordance with the rules and regulations of the company.

The effective capital of the company (as defined in Schedule XIII to the Companies Act, 1956) has been calculated at Rs. 3625.52 Lacs as under:-

Share Capital	Rs. 1942.92 Lacs
Reserves & Surplus	Rs. 282.16 Lacs
Secured Loans	Rs. 575.00 Lacs
Unsecured Loans	Rs. 3041.03 Lacs
Total Liabilities	Rs. 5841.11 Lacs
Less : Accumulated Loss	Rs. 2215.59 Lacs
Effective Capital	Rs. 3625.52 Lacs

As per Para 1 (C) of Section II of Part II of Schedule XIII to the Companies Act, 1956, where the effective capital of the company is Rs. 25 Crores or more but less than Rs. 50 Crores, the monthly remuneration shall not exceed Rs. 3,00,000/-. A special resolution is proposed for the said appointment in accordance with the requirements stipulated therein. However, since the proposal envisages payment of remuneration up to Rs. 6,00,000/- per month with annual increment as stipulated in the resolution, approval of the Central Government shall be required for the payment of remuneration in excess of the ceiling limits stipulated in Schedule XIII.

The Board of Directors shall be making the necessary application to the Central Government for obtaining the requisite approval under the applicable provisions for payment of remuneration to Mr. Subodh Maskara.

The above statement may be treated as an abstract of terms and memorandum of interest under Section 302 of the Companies Act, 1956

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Considering the benefits derived by the Company from the continuing services of Mr. Subodh Maskara, the Board recommends the proposal for paying remuneration to him.

Mr. Santosh Maskara, the Chairman of the company being related to the appointee and the appointee, Mr. Subodh Maskara may be considered to be concerned or interested in the resolution.

**STATEMENT PURSUANT TO CLAUSE (B) PART II OF SCHEDULE XIII OF THE COMPANIES ACT, 1956****1. GENERAL INFORMATION**

1	Nature of Industry	Currently implementing Project for manufacturing Polyester Yarn / Chips
2	Date of Commencement of Business	30 <sup>th</sup> September, 1994
3	Financial Performance of the	Profit / (Loss) after tax last three years : Year Ending 31.03.2008 :- Loss Rs. 639.13 Lacs Year Ending 31.03.2007 : Loss Rs. 175.00 Lacs Year Ending 31.03.2006 : Loss Rs. 356.18 Lacs
4	Earnings in Foreign	(Last three Years) Year Ending 31.03.2008 : Rs. 25.07 Lacs Year Ending 31.03.2007 : Rs. 193.06 Lacs Year Ending 31.03.2006 : Rs. 92.93 Lacs
5	Foreign Collaborators	The Company had entered into an agreement with an Australian Company who had expressed an interest in commercializing its technology for PET production process. For details refer Para 3 a), b) and c) of Schedule 17 - Notes on Accounts

**2. INFORMATION ABOUT THE APPOINTEE**

No.	Particulars	Mr. Subodh Maskara
1	Background details	He holds a Management Degree in Finance, International Business and Strategy from J.L. Kellogg, Graduate School of Management, North Western University, U.S.A and has been associated with the company since 1994. He has been primarily responsible for the successful financial restructuring of the company over the past few years.
2	Past Remuneration	(Last three Years) Year Ending 31.03.2008 : Rs. 10.08 Lacs Year Ending 31.03.2007 : Rs. NIL Year Ending 31.03.2006 : Rs. 10.08 Lacs
3	Job Profile	Managing Director of the company in charge of the management of the company's affairs.
4	Remuneration proposed	Minimum Rs. 6 lacs per month plus annual increment as outlined in the resolution or such limits as may be approved by the Central Government.
5	Comparative Remuneration Profile	Not Comparable
6	Relationship with other managerial personnel	He is related to the Chairman, who is a non-executive promoter director

**3. OTHER INFORMATION**

No.	PARTICULARS	
1	Reasons for loss or inadequate profits	Main reason for the Company's losses was the failure of the PET Chips project. For details please refer Para 3a of Schedule 17 – Notes to Accounts
2	Steps taken or proposed to be taken for improvement	The company has finalized its restructuring plan which has been filed with the BIFR and is awaiting its approval. For details please refer Para 3 c, d and e of Schedule 17 – Notes to Accounts
3	Expected increase in productivity and profits in measurable terms	The draft restructuring scheme as filed with the BIFR envisages improvement from an operating loss of Rs. 360 lakhs in 2007-08 to a profit of Rs. 1319.00 lacs by 2013-14.

By Order of the Board

**Santosh Maskara**  
Chairman

Pursuant to Clause 49 of the listing agreements with the stock exchanges, following information is furnished about the Directors proposed to be appointed / re-appointed.

Name of Director	Santosh Maskara	Vinit Kumar Baid	Amit Haria
Date of Birth	15-10-1945	21-11-1974	03.02.1979
Directorship in Other Companies	Gallery Maskara Private Limited Maskara Textiles Private Limited Maskara Research & Development Private Limited	Fuji Steel Industries Limited	NIL
Shareholding	776,710 Shares	2,100 Shares	NIL
Committee	Audit Committee	Audit Committee	Audit Committee
Membership	Share Holder Grievance and Share Transfer Committee Remuneration Committee	Share Holder Grievance and Share Transfer Committee Remuneration Committee	Share Holder Grievance and Share Transfer Committee Remuneration Committee



**POLYGENTA TECHNOLOGIES LIMITED****2007-08****DIRECTORS REPORT**

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

The Directors have pleasure in presenting to you the **Twenty-Sixth** Annual Report and Audited Accounts for the accounting year ended March 31, 2008.

**1. FINANCIAL RESULTS**

	2007-2008	2006-2007
Income from Operation	15,812,124	50,199,684
<b>Profit /(Loss) before</b>		
<b>Depreciation &amp; Interest</b>	<b>(31,181,978)</b>	10,916,326
Depreciation	28,082,812	28,345,093
Borrowing Cost	4,350,711	122,231
<b>Profit/(Loss) before tax</b>	<b>(63,615,502)</b>	(17,175,414)
Prior Period Taxation	-	-
FBT	(298,299)	(370,701)
Exceptional Items	818,804,300	941,998
<b>Profit / (Loss) after</b>		
<b>Exceptional item</b>	<b>754,890,500</b>	(16,604,117)
Balance of loss b/f from earlier previous year	(976,449,214)	(959,845,096)
<b>BALANCE OF LOSS CARRIED TO THE B/S</b>	<b>(221,558,714)</b>	(976,449,214)

**2. DIVIDEND**

In view of the operating loss during the year and carried forward losses, your Directors do not recommend declaration of dividend for the year ended March 31, 2008.

**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 a Government registered approved valuer. The Company has also requested Operating Agency to allow for disposal of assets of the Murbad Unit.

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

During the year, the Company has made significant and material progress toward securing both the required investment capital and the requisite technology so that - after a period of time - the Company's Nasik plant assets can be revamped, and expanded. In the last quarter of the year, the Company started the modernization /up gradation of

existing PET Chip plant.

The Company has now identified investors who, subject to a BIFR order sanctioning a proposed Rehabilitation Scheme, have agreed to mobilise significant financial resources in support of the revamping and rebalancing of the Nashik PET manufacturing plant. From a financial stand point this requires:-

- Funding a structured OTS settlement with the Company's secured lenders.
- Funding the acquisition of balancing equipment and related engineering expenditures necessary to resolve the company's filtration problems; and
- Providing the requisite fresh working capital.

After the approval by its Board of Directors, the Company has submitted its Draft Rehabilitation Scheme (DRS), supported by Strategic Alliance partners and secured lenders, with its Operating Agency (IFCI) and Board for Industrial and Financial Restructure (BIFR). This draft requested that the BIFR approve a Share Capital restructuring and grant various exemptions to the company from complying with various provisions laid down under Company law, SEBI Guidelines/ Rules/ Regulations/ Listing Agreements, other compliances etc. Obtaining the BIFR's order is very important for proceeding with revival of the Nashik PET Manufacturing Plant. Your directors are hopeful of getting approval of the rehabilitation scheme from the BIFR.

**c) Electronics Division:**

With approval of its members, the Company has transferred its electronic division with effect from 1<sup>st</sup> October 2007.

**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, Mr. Amit Haria and Mr. Vinit Kumar Baid are retire by rotation and being eligible, offer themselves for re-appointment.

During the year, the BIFR has appointed Mr. Prakash Chandra Lohumi as a Special Director on Board with effect from 8<sup>th</sup> January 2008.

## **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 reappoint the 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 Company has filed a Draft Rehabilitation scheme with BIFR.

## **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. The Report on Corporate Governance is annexed as Annexure 'III' forming part of this Report.

## **15. MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT**

The 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: 27.06.2008

## **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.

**POLYGENTA TECHNOLOGIES LIMITED****2007-08****A. Power and Fuel Consumption****ANNEXURE 'II' TO DIRECTORS' REPORT**

	Current Year	Previous Year
<b>1 a) Electricity</b>		
Purchased Units (KWH)	38,969	NIL
Total Amount (Rs. in Lacs)	2.47	NIL
Per Unit (Rs.)	6.34	NIL
<b>b) Own Generation Through Diesel Generator</b>		
Units (Lacs)	0.55	0.21
Units per unit of fuel	16.00	15.56
Cost/Units (Rs)	23.58	23.92
<b>2 L.D.O.</b>		
Purchased Units (K.Ltrs.)	NA	NA
Total Amount (Rs. in Lacs)	NA	NA
Average rate per Ltr (Rs.)	NA	NA
<b>3 Furnace Oil</b>		
Purchased Units (K.Ltrs.)	NA	NA
Total Amount (Rs. in Lacs)	NA	NA
Per Unit (Rs.) (Per K.Ltrs.)	NA	NA

**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, 2008, 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.

**B Consumption per unit of Production**

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

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

	2007-08	2006-07
Total Foreign Exchange Earned (Rs)	2,507,888	19,306,920
Total Foreign Exchange used (Rs)	30,472,586	855,200

**FOR AND ON BEHALF OF THE BOARD**

**SANTOSH MASKARA**  
CHAIRMAN

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

Place: Mumbai  
Date: 27.06.2008

**SANTOSH MASKARA**  
CHAIRMAN

Place: Mumbai  
Date: 27.06.2008