



POLYGENTA TECHNOLOGIES LIMITED

**31st ANNUAL REPORT
2012 - 2013**

BOARD OF DIRECTORS : Mr. Marc Lopresto Chairman and Wholetime Director
Mr. Subodh Maskara Director
Mr. Vinit Kumar Baid Director
Mr. Anand Dua Director
Mr. Fredrik Wijkander Nominee Director, Swedfund International AB
Mr. Sarath Naru Nominee Director, VenturEast Life Fund III

CEO : Mr. Gerard De Nazelle

COMPANY SECRETARY : Mr. Paresh Damania

BANKERS : Ratnakar Bank
Standard Chartered Bank
HDFC Bank

REGISTERED OFFICE : B-302,
Dipti Classic Premises,
Suren Road,
Andheri(E) ,
Mumbai : 400093

FACTORY : Gut No.265/2, 266,
Village Avankhed,
Taluka Dindori,
District Nashik.
Pin 422 201
Maharashtra

AUDITORS : M/s Lodha & Company
Chartered Accountants,
6, Karim Chambers,
40, Ambalal Doshi Marg,
Mumbai 400 001

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NOTICE

NOTICE is hereby given that the Thirty-First Annual General Meeting of Members of Polygenta Technologies Limited will be held on Monday, 30th September 2013 at 3.30 p.m. at Residency Hotel, Suren Road, (Near Andheri-Kurla Road and W.E.Highway), Andheri (E), Mumbai-400 093 to transact the following business:-

Ordinary Business:-

1. To consider and adopt the Audited Profit & Loss account for the year ended 31st March, 2013 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. Subodh Maskara, who retires by rotation, and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. Vinit Baid, who retires by rotation, and being eligible, offers himself for reappointment.
4. To appoint Lodha & Co. as statutory auditors and fix their remuneration.

Special Business:-

5. To re-appoint Mr. Marc Lopresto as Wholetime Director and accordingly if thought fit, to pass with or without modification the following resolution as Ordinary 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 Shareholders be and is hereby accorded to the appointment of Mr. Marc Lopresto as Wholetime Director of the Company for a period of three years with effect from 1st September 2013.

RESOLVED FURTHER THAT consent of the Shareholders be and is hereby accorded to his receiving remuneration ₹ 24,00,000 /- per annum all inclusive including perquisites.

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.
- (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 authorised from time to time to amend, alter or otherwise vary the terms and conditions of the appointment of Mr. Marc Lopresto 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 Schedule XIII to the Companies Act, 1956”;

6. To appoint Mr. Anand Dua as Director and accordingly, to consider and accordingly if thought fit, to pass with or without modification the following resolution as Ordinary Resolution:

“RESOLVED THAT Mr. Anand Dua, who was appointed as an Additional Director on 16th October, 2012, and in respect of whom the Company has received notice in writing along with a deposit of ₹ 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, liable to retire by rotation.

7. To appoint Mr. Sarath Naru as Director and accordingly, to consider and accordingly if thought fit, to pass with or without modification the following resolution as Ordinary Resolution:

"RESOLVED THAT Mr. Sarath Naru be and is hereby appointed as a Director of the Company, liable to retire by rotation."

8. Increase in Authorised Share Capital

To consider and, if thought fit, to pass with or without modification(s), the following Ordinary Resolution:

"RESOLVED THAT pursuant to Section 16, 94 and other applicable provisions, if any, of the Companies Act, 1956 (including any amendment thereto or re-enactment thereof) (the "**Companies Act**"), the authorised share capital of the Company be and is hereby increased from ₹ 155,00,00,000 (Rupees one hundred and fifty five crores) divided into 12,50,00,000 equity shares of ₹ 10 each to and 3,00,00,000 Compulsory Convertible Preference Shares of ₹ 10 each to ₹ 190,00,00,000 (Rupees one hundred and ninety crores) divided into 12,50,00,000 Equity Shares of ₹ 10 each, 3,00,00,000 Compulsory Convertible Preference Shares of ₹ 10 each and 3,50,00,000 Class A Compulsory Convertible Preference Shares of ₹ 10/- each by the creation of 3,50,00,000 Class A Compulsory Convertible Preference Shares of ₹ 10 each and that Clause V of the Memorandum of Association of the Company be altered accordingly."

9. Alteration of Capital Clause of the Memorandum of Association

To consider and, if thought fit, to pass with or without modification(s), the following Special Resolution:

"RESOLVED THAT pursuant to the provisions of sections 16, 94 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) , Clause V of the Company's Memorandum of Association be and is hereby altered by substituting Clause V to read as under:

The Authorised Share Capital of the Company is ₹ 190,00,00,000 (Rupees one hundred and ninety crores only) divided into 12,50,00,000 (twelve crores fifty lakhs only) equity shares of ₹ 10 (Rupees ten only) each, 3,00,00,000 (three crores only) Compulsory Convertible Preference Shares of ₹ 10 (Rupees ten only) each and 3,50,00,000 (three crores fifty lakhs only) Class A Compulsory Convertible Preference Shares of ₹ 10 (Rupees ten only) each, with the power to increase or reduce the Capital of the Company and/or the nominal value of the shares and to divide the shares in the Capital for the time being into several classes and to attach thereto respectively such preferential, qualified or special rights, or conditions as may be determined by or in accordance with the Articles of Association of the Company for the time being in force or as may be decided by the Board of Directors or by the Company in General Meeting ,as applicable, in conformity with the provisions of the Companies Act, 1956 , and to vary, modify, enlarge or abrogate any such rights, or conditions in such manner as may be permitted by the said Act or provided by the Articles of the Company for the time being in force.

RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board is hereby authorised to do all such acts, deeds, matters and things it may consider necessary, expedient, or desirable including doing all necessary filings with the Registrar of Companies."

10. Alteration in the Articles of Association:

To consider and, if thought fit, to pass with or without modification(s), the following Special Resolution:

RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be altered by adding Article 7A after the existing Article 7:

7A. The Board may, from time to time, issue Preference Shares, whether participatory or non-participatory, carrying a preferential right to be paid dividends at a fixed amount or an amount calculated at a fixed rate, as maybe

determined by the Board at the time of issuance from time to time. Such issue of Preference Shares, from time to time, shall be in accordance with the Act, other applicable laws, applicable Articles and other terms and conditions that may be specified at the time of issue. The Board shall have the power and authority to remove any difficulties, and do such other acts and deeds, in relation to the applicability of this Article to the rights and obligations of the holders of the Preference Shares.

**By the Order of the Board of Directors
for Polygenta Technologies Limited**

Marc Lopresto
Chairman

Place : Mumbai

Date : 5th September 2013

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, 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. 5 to 11 of the notice.

Explanatory Statement Pursuant to Section 173 (2) of the Companies Act, 1956.**Item No. 5****Re - Appointment of Mr. Marc Lopresto as Wholetime Director**

Mr. Marc Lopresto was appointed as Wholetime Director for a period of three years with effect from 20th September 2010. His term of appointment ends on 19th September 2013.

The Board of Directors at its meeting held on 30th May 2013 recommended Mr. Marc Lopresto's appointment for a further period of three years with effect from 1st September 2013.

The Remuneration Committee at the Meeting held on 30th May 2013 recommended the remuneration payable to Mr. Marc Lopresto which was accepted by the Board.

Mr. Marc Lopresto, 57 Years old, has an MBA from Wharton (Finance and Strategy specialisation), and an AB in Economics (Honours), University of California, Berkeley. He has experience in M&A, restructuring and risk advisory, and project / venture capital fund raising.

He is also a member of the following committees: Audit, Shareholder Grievance and Share Transfer, CCPS Conversion, and Share Allotment.

The Board recommends passing of this resolution.

Mr. Marc Lopresto may be deemed to be concerned or interested in this resolution. None of the other directors is interested in this resolution.

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

1	Nature of Industry	Manufacturer of environmentally beneficial, sustainable Drawn Texturised Yarn.
2	Date of Commencement of Business	30 th September, 1994
3	Financial Performance of the Company	Profit / (Loss) after tax last three years : (₹ Lacs) Year Ending 31.03.2013 : Loss 6815.62 Lacs Year Ending 31.03.2012 : Loss 4979.61 Lacs Year Ending 31.03.2011 : Profit 351.64 Lacs
4	Earnings in Foreign Exchange	Last three Years : (₹ Lacs) Year Ending 31.03.2013 : 1314 Lacs Year Ending 31.03.2012 : 3926 Lacs Year Ending 31.03.2011 : 2603 Lacs
5	Foreign Collaborators	Since 2009, the Company has had a license to use a proprietary recycling technology from its promoter, PerPETual Global Technologies Limited ("PGTL"). This technology has been fully absorbed and is in use at the Nashik Plant.

2. INFORMATION ABOUT THE APPOINTEE

Sr. No.	Particulars	Mr. Marc Lopresto
1	Background details	He has been working with the Company in Finance with effect from 7 th January 2008 as Chief Financial Officer of the Company. Taking into consideration the contribution he has made to the Company in reconstituting and recapitalising the Company, the Board appointed him as Wholtime Director of the Company with effect from 20 th September 2010. The appointment was confirmed by Shareholders at the AGM held on 20 th September 2011. He 57 years old and has an MBA (Finance and Strategy specialisation), AB Economics (Honours), University of California, Berkeley. He has significant experience in M&A, restructuring, risk advisory, and project / venture capital fund raising.
2	Past Remuneration	(Last three Years)(excluding PF & Gratuity) Year Ending 31.03.2013 : ₹ 22.48 Lacs Year Ending 31.03.2012 : ₹ 19.91 Lacs Year Ending 31.03.2011: ₹ 10.12 Lacs for part of the year in his position as Wholtime Director.
3	Recognition or awards	--
4	Job Profile	Wholtime Director of the company in charge of the management of the company's affairs.
5	Remuneration proposed	Minimum ₹ 24,00,000 per annum
6	Comparative Remuneration Profile	Generally persons having varied experience like Mr. Marc Lopresto draw remuneration of more than ₹ 40 lakhs per annum.
7	Relationship with other managerial personnel	Not Related

3. OTHER INFORMATION

Sr. No.	PARTICULARS	
1	Reasons for loss or inadequate profits	Because of continued weak market conditions in the standard polyester filament sector (using conventional petrochemicals as feedstock) the Company has been incurring losses. For further background please see Annexure IV of Director's Report, Management Discussion and Analysis.
2	Steps taken or proposed to be taken for improvement	The Company made the decision to focus on manufacturing polyester filament using higher concentrations of feedstock sourced from sustainable, post-consumer PET beverage bottles (p-cPET) which has potential for higher margins. For further background please see Annexure IV of Director's Report, Management Discussion and Analysis.
3	Expected increase in productivity and profits in measurable terms	For the year ending 31 st March 2014, the Company expects improvement from its loss of ₹ 681.6 millions for the year Ended 31 March 2013.

Item No. 6**Appointment of Mr. Anand Dua as Director**

Mr. Anand Dua has been appointed as an Additional Director effective 16th October, 2012 pursuant to Section 260 of the Companies Act, 1956 read with Article 114 of the Articles of Association of the Company and is holding office until the conclusion of the forthcoming Annual General Meeting. Mr. Anand Dua has indicated his eligibility for appointment as a Director of the company and notice has been received in writing along with a deposit of ₹ 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. 7 of the Notice.

Except Mr. Anand Dua, 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.

Pursuant to Clause 49 of the listing agreement with the Bombay Stock Exchange, the following information is furnished.

Mr. Anand Dua, 51 years old, is a practising Chartered Accountant from New Delhi having over 30 years of experience. His areas of practice include Company Law, Tax Advisory, Audit Services, Project Financing, and Investment Consulting.

He is a Director of Padmanabh Promoters Private Limited. Apart from being Director of Polygenta Technologies Limited, he is a member of the following committees of Polygenta - Audit Committee and Remuneration Committee.

He does not hold any shares of Polygenta Technologies Limited.

Item No.7**Appointment of Mr. Sarath Naru as Director**

Mr. Sarath Naru has been appointed as a director by the Board effective 14th August, 2013 pursuant to Article 110A of the Articles of Association of the Company and is holding office until the conclusion of the forthcoming Annual General Meeting. VenturEast Life Fund III has nominated Mr. Naru to the office of Director retiring by rotation in accordance with the Articles of Association.

The Directors recommend the adoption of the resolution at Item No. 8 of the Notice.

Except Mr. Sarath Naru and VenturEast Life Fund III, who may be considered to be interested in the resolution to the extent of his appointment, none of the other directors/members may be in any way considered to be concerned or interested in this resolution.

Pursuant to Clause 49 of the listing agreements with the Bombay Stock Exchange, the following information is furnished.

Mr. Sarath Naru, 56 years old, is the Founder and Managing Partner of VenturEast, which has focused on venture capital/private equity in India over the last dozen years. VenturEast manages about \$300 million, having made over 60 investments. At VenturEast, Mr. Naru he has helped create one of the exceptional realised track records in India, and has successfully pioneered investments in new sectors and investing approaches that other fund managers have sought to emulate.

Prior to this, he gained significant experience working for Procter & Gamble USA in the area of brand management (marketing and general management), and in manufacturing while with the British American Tobacco subsidiary VST Industries (Hyderabad). He has also built a trading business between India and the USA, covering engineering goods, fashion goods, and printing related services. His academic qualifications include, a Bachelor of Technology from the Indian Institute of Technology, Madras, and an MBA from the Booth School, University of Chicago.

He is the Director of the following companies: (1) UTI Venture Funds Management Co. Pvt. Ltd. (2) Ventureast Trust Capital (India) Private Limited (3) Ventureast Fund Advisors India Private Limited (4) Dynam Ventureast Private Limited (5) Elbit Medical Diagnostics Pvt. Ltd. (6) Equitas Housing Finance Private Limited (7) APIDC Venture Capital Private Limited (8) Sresta Natural Bioproducts Private Limited (9) Ventureast Social Investment Trustee Private Limited (10)

Ventureast Micro-Equity Management Private Limited (11) Ascent Capital Advisors India Private Limited (12) e-Yantra Industries Private Limited (13) E2E Transportation Infrastructure Private Limited (14) Royal images and Catalogue Company Private Limited (15) Flow Edge Financial Solutions Private Limited and (16) Bharat Light Power.

He does not hold any shares of Polygenta Technologies Limited. To this date, VenturEast Life fund III also does not own any shares in Polygenta.

Item No. 8, 9, & 10

Increase in Authorised Share Capital and alteration of the Articles of Association:

1. The present authorised share capital of the Company is ₹ 155,00,00,000 (Rupees One Hundred and Fifty Five crores) divided into 12,50,00,000 equity shares of ₹ 10 each and 3,00,00,000 Compulsory Convertible Preference Shares of ₹ 10 each. It is now proposed to increase the authorised share capital to ₹ 190,00,00,000 (Rupees one hundred and ninety crores) divided into 12,50,00,000 equity shares of ₹ 10 each, 3,00,00,000 compulsory convertible preference shares of ₹ 10 each, and 3,50,00,000 Class A compulsory convertible preference shares of ₹ 10 each by the creation of 3,50,00,000 Class A compulsory convertible preference shares of ₹ 10 each.
2. To increase the recycling capacity at its factory, the Company is considering setting up a ReNEW2 Plant at its Avankhed Unit with the capacity of 45MTs per day. Together with the capacity of the existing plant, the total recycling will be up to 70 MT per day. To finance the above expansion, for working capital requirements, repayment of debt, general corporate purpose and/ or such other purposes, the Company is considering the further raise of capital, whether by way of a rights issue or a preferential issue or otherwise. For the Company to raise capital, an increase in the Company's authorised share capital is likely to be required.
3. In accordance with the provision of the Companies Act, 1956 approval of the members is required to increase the authorised share capital and to make the corresponding alteration in the capital clause appearing in the Memorandum of Association of the Company.
4. Accordingly Clause V of the Memorandum of Association needs to be altered.
5. Further, to enable the issuance of Preference Shares, whether participatory or non-participatory, carrying a preferential right to be paid dividend at a fixed amount or an amount calculated at a fixed rate, as maybe determined by the Board at the time of issuance from time to time, a new provision in the articles of association of the Company is proposed to be inserted.
6. Pursuant to the provisions of Section 31 of the Companies Act 1956, any amendments in the Articles of Association of the Company require the approval of the Shareholders of the Company by way of Special Resolution. Accordingly, consent of the Shareholders by way of Special Resolution has been sought in terms of Section 31 of the Companies Act, 1956.
7. The Board of Directors accordingly recommends the resolutions for your approval.
8. None of the Directors of the Company is concerned or interested in any way in the resolution proposed to be passed at Item nos. 9, 10, and 11.

**By Order of the Board of Directors
for Polygenta Technologies Limited**

Marc Lopresto
Chairman

Place : Mumbai
Date : 5th September 2013

DIRECTORS REPORT

To,
The Members of
Polygenta Technologies Limited,

The Directors take pleasure in presenting to you the **Thirty First** Annual Report and Audited Accounts for the financial year ended 31st March 2013.

1. FINANCIAL RESULTS

	Year Ended 31 st March 2013 (₹ in Millions)	Year Ended 31 st March 2012 (₹ in Millions)
Revenue from Operations	738.3	1,802.2
Profit/(Loss) before		
Depreciation and Interest	(327.1)	(235.0)
Depreciation	136.7	131.7
Borrowing Cost	108.2	138.8
Profit / (Loss) before		
Exceptional Item	(572.0)	(505.5)
Add : Exceptional Items	-	7.5
Profit / (Loss) before tax	(572.0)	(498.0)
Less: Provision for current Tax	-	-
Less: Deferred Tax Assets reversal	96.6	-
Profit / (Loss) after tax	(681.6)	(498.0)
Balance Loss b/f from previous year	(500.2)	(2.2)
Balance of Loss to be carried to Balance Sheet	<u>(1,181.8)</u>	<u>(500.2)</u>

2. OPERATIONS REVIEW

Polygenta Technologies Limited (the "Company" or "Polygenta") has an operating license from PerPETual Global Technologies Limited (formerly known as AlphaPET Limited) ("PGTL") for the ReNEW process ("ReNEW"), a recycling technology for recycling post-consumer PET bottles ("p-cPET") into a high quality feedstock, which Polygenta uses to manufacture polyester filament yarn ("PFY"). During the financial year 2012-13, Polygenta undertook and executed three primary capital projects to position it to become a leading supplier of high quality 100% recycled content yarn. These projects were:

- 1) Design, execution and commissioning of a reversible operating rate reduction of the continuous polymerisation unit ("CP") at the Company's Nashik factory:

The Company successfully completed this project, reversibly reducing its continuous polymerisation plant operating rate to 20-25 metric tons per day (tpd) from 70 tpd, thereby

matching the operating capacity of the ReNEW recycling unit at the plant. The successful completion of this project during June to August 2012 resulted in the Company manufacturing its first texturised filament yarn from 100% recycled p-cPET in August 2012.

- 2) Design, construction, and commissioning of Feedstock Enhancement unit ("FE Unit"):

During July-November 2012, the Company augmented its ReNEW recycling unit by adding a Feedstock Enhancement unit. The FE unit improved the composition of the recycled ester prior to its introduction into the CP and provided the added facility for transforming molten recycled ester into a form which can be stored for later use.

- 3) Mono-Ethylene Glycol (MEG) Recovery unit :

In February 2013, the Company commissioned a MEG Recovery unit the purpose of which was to provide for a better purification/ yield and lower cost recovery of MEG for re-use in the ReNEW unit.

The above developments mark significant progress toward the Company's goal to become a leader in manufacturing high quality PFY from p-cPET. This is a smaller speciality segment within the much larger PFY market with pricing materially higher than the more commoditised segments of the PFY market made from high purity virgin petrochemicals from crude oil.

During the financial year under review, the revenues from manufacturing operations were Rs 738.3 million. However, the Company was not able to achieve positive margins. Factors contributing to operating losses included:

- Below normal market price levels over raw material cost in the PFY market due to poor macro-economic fundamentals and recent additions of significant capacity in the Indian PFY sector.
- The Company was not operational for a considerable part of the year as it was engaged in the aforementioned capital projects to shift the Company to manufacturing 100% recycled p-cPET content yarn efficiently and sustainably.

Health, Safety and Environment ("HSE") and Implementation of Key Process

The Nashik plant made significant progress in implementing systematically its HSE Management Systems ("HSE-MS"). The plant monitors its operations against Maharashtra Pollution Control