



POLYCHEM LIMITED

52 ND ANNUAL REPORT 2008-09

# POLYCHEM LIMITED

(INCORPORATED UNDER THE INDIAN COMPANIES ACT, VII OF 1913)

<b>BOARD OF DIRECTORS</b>	MR.TANIL KILACHAND MR.H.C.SHAH MR.P.T.KILACHAND MR.V.V.SAHASRABUDHE	<i>Chairman &amp; Managing Director</i>  <i>(Whole-time Director)</i>
<b>COMPANY SECRETARY</b>	MR A.H.MEHTA	
<b>AUDITORS</b>	M/s. G. M. KAPADIA & CO.	<i>Chartered Accountants</i>
<b>LEGAL ADVISORS</b>	M/s. DAPHTARY FERREIRA & DIVAN	
<b>REGISTERED OFFICE</b>	7, Jamshedji Tata Road, Churchgate Reclamation, Mumbai 400 020.	

<b>WORK</b>	<b>CORPORATE MANAGEMENT TEAM</b>
POLYVINYL ALCOHOL Chemical Complex, Nira/Nimbut, Taluka Baramati, Pune.	MR. TANIL KILACHAND Managing Director
SPECIALTY CHEMICALS D/26, MIDC, Phase II, Dombivali (E) - 421 201.	MR. P.T.KILACHAND Whole-time Director
	MR. A.H.MEHTA VP-Corporate Affairs & Company Secretary

**Note :**

As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Shareholders are requested to kindly bring their copies to the Meeting.

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# POLYCHEM LIMITED

## NOTICE

Notice is hereby given that the Fifty Second Annual General Meeting of the Members of POLYCHEM LIMITED will be held at M.C.Ghia Hall, Bhogilal Hargovindas Building, 2<sup>nd</sup> Floor, 18/20 Kaikhushru Dubash Marg, Mumbai 400 001 on Wednesday, 30th September, 2009 at 2.30 p.m. to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2009 and Profit and Loss Account for the year ended on 31<sup>st</sup> March, 2009 and the Report of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr.T.R.Kilachand who retires by rotation, but being eligible, offers himself for re-appointment.
3. To consider and, if thought fit, to pass with or without modification/s the following resolution as an Ordinary Resolution :-

"RESOLVED THAT pursuant to the provisions of Section 224 and other applicable provisions, if any, of the Companies Act, 1956, Messrs. G.M. Kapadia & Company, Chartered Accountants, Mumbai, be and are hereby appointed as Auditors of the Company from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company on a remuneration of Rs.1,50,000/- (Rupees One lac fifty thousand only) in addition to service tax, reimbursement of traveling and all other out of pocket expenses incurred in connection with the audit."

### SPECIAL BUSINESS:

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

"RESOLVED that pursuant to Section 163 of the Companies Act, 1956 (hereinafter called "the Act"), the Company hereby approves that the Register of Members, Index of Members, copies of all Annual Returns prepared by the Company under Section 159 of the Act together with copies of Certificates and Documents required to be annexed thereof under Section 161 of the Act, or any one or more of them shall be kept at the office of Messrs. Sharepro Services (India) Pvt. Ltd., the Registrars and Share Transfer Agents, at 13 AB, Samhita Warehousing Complex, 2<sup>nd</sup> Floor, Sakinaka Telephone Exchange Lane, Off. Andheri Kurla Road, Sakinaka, Andheri (E), Mumbai 400 072 instead of at Satam Estate, 3<sup>rd</sup> Floor, Above Bank of Baroda, Cardinal Gracious Road, Andheri (E), Mumbai 400 099.

RESOLVED FURTHER that the Registers, Index, Returns, Books, Certificates and Documents of the Company required to be maintained and kept open for inspection by the Members and/or any persons entitled thereto under the Act, be kept open for such inspection, at the place where they are kept, to the extent, in the manner and on payment of the fees, if any, specified in the Act, between the hours of 11.00 a.m. and 1.00 p.m. on any working day (excluding Saturday) and except when the registers and books are closed under the provisions of the Act or the Articles of Association of the Company.

"RESOLVED FURTHER that the Board of Directors be and are hereby authorized to do all such acts, deeds and things and execute the necessary documents as may be required to give effect to the aforesaid Resolution."

By Order of the Board of Directors

A.H.MEHTA

Vice President-Corporate Affairs & Company Secretary

### **Registered Office :**

7, Jamshedji Tata Road  
Churchgate Reclamation  
Mumbai 400 020.  
Dated : 31st July, 2009

### **NOTES:**

- (a) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY, OR WHERE THAT IS ALLOWED, ONE OR MORE PROXIES, TO ATTEND AND VOTE INSTEAD OF HIMSELF. A PROXY NEED NOT BE A MEMBER.
- (b) An explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of item 4 set out above is annexed herewith.
- (c) The register of Members and the Share Transfer Books of the Company has remained closed from 7th July, 2009 to 14th July, 2009 (both days inclusive).
- (d) Members holding share in the dematerialised mode are requested to intimate changes in their address, if any, to their Depository Participants and Members holding shares in physical form are requested to intimate the change of address, if any, immediately to the Registrar & Share Transfer Agents at Sharepro Services (India) Pvt. Ltd. 13AB, Samhita Warehousing Complex, 2nd floor, Sakinaka Telephone Exchange Lane, Off Andheri Kurla Road, Sakinaka, Andheri (E), Mumbai - 400 072.

Telephone : 022- 28215168/022-67720300  
Fax : 022- 28375646



(e) All unclaimed Dividends pertaining to the earlier years have been transferred to the General Revenue Account of the Central Government in terms of Section 205-A of the Companies Act, 1956.

The Company's securities are listed on the following Stock Exchange:

Sr. No.	Name & Address of the Stock Exchange	Nature of Security as on 31-3-2009
1.	Bombay Stock Exchange Ltd., Jeejeebhoy Towers, Dalal Street, Mumbai 400 023.	4,04,045 Equity Shares of Rs.10/- each

The Company has paid Annual Listing fees to the above Stock Exchange.

## ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT AS REQUIRED BY SECTION 173(2) OF THE COMPANIES ACT, 1956.

The following Explanatory Statement, as required by Section 173(2) of the Companies Act, 1956 sets out the material facts relating to business under item No.4 mentioned in the accompanying Notice dated 31st July, 2009.

### Item No.4

M/s. Sharepro Services (India) Pvt. Ltd, Mumbai, who have been appointed since 01.10.2003, as Registrars and Share Transfer Agents of the Company have shifted their Registered Office from Satam Estate, 3<sup>rd</sup> Floor, Above Bank of Baroda, Cardinal Gracious Road, Chakala, Andheri (E), Mumbai – 400 099 to 13 AB, Samhita Warehousing Complex, 2<sup>nd</sup> Floor, Sakinaka Telephone Exchange Lane, Off Andheri Kurla Road, Sakinaka, Andheri (E), Mumbai 400 072 as per their letter dated 20.05.2009.

Under the provisions of the Companies Act, 1956, (the "Act") certain documents such as the Register and Index of Members, Register and Index of Debentureholders, other related books and papers etc., are required to be kept at the Registered Office of your Company. However, these documents can be kept at any other place within the city, town or village in which the Registered Office of your Company is situated, with the approval of the Members to be accorded by a Special Resolution.

M/s. Sharepro Services (India) Pvt. Ltd., Mumbai is our Registrar and Share Transfer Agent (RTA), who have been providing depository related services for the shares held in demat mode and also acting as the Share Transfer Agent for the shares held in physical segment. Hence, the approval of the Members is sought in terms of Section 163(1) of the Act, for keeping the aforementioned Registers and documents at the premises of the RTA as stated in the resolution. The Board of Directors recommends the resolution as set out in the Notice of your approval.

None of the Directors of your Company are concerned or interested in the above resolution, except as a member, if any of the Company.

**As required in terms of paragraph IV(G) Clause 49 of the Listing Agreement, the details of the director retiring by rotation and eligible for reappointment are furnished below:**

<b>Name of Director</b>	Mr.T.R.Kilachand
<b>Age</b>	72 Years
<b>Qualification</b>	B.A. from Cambridge University in History & Law. M.B.A. in Business Administration from Harvard Business School.
<b>Expertise</b>	He is a Managing Director of the Company from 19 <sup>th</sup> August, 1986 and is the Chairman & Managing Director from 1 <sup>st</sup> February, 1995. He has over 44 years of experience in industry, management, implementation of projects etc. He has been associated with various Chambers of Commerce and was the President of Indian Merchants' Chamber. He has been associated with various charitable trusts and is Director / Chairman of other Companies.
<b>Other Directorship as on 31<sup>st</sup> March, 2009. (excluding private Companies)</b>	Gujarat Poly-AVX Electronics Limited and Ginnars & Pressers Limited
<b>No of Equity Shares held</b>	1938 equity shares

By Order of the Board of Directors

**A.H.MEHTA**

Vice President-Corporate Affairs & Company Secretary

### Registered Office :

7, Jamshedji Tata Road  
Churchgate Reclamation  
Mumbai 400 020.

Dated: 31st July, 2009

## DIRECTORS' REPORT

To  
The Members of  
POLYCHEM LIMITED

Your Directors present the Fifty Second Annual Report and Statement of Accounts for the year ended 31st March, 2009.

	<b>01.04.08 to 31.03.09 Rs. in lacs</b>	01.04.07 to 31.03.08 Rs. in lacs
<b>FINANCIAL RESULTS</b>		
Sales	<b>415.42</b>	351.25
Profit/(Loss) before Interest, Depreciation & Tax	<b>(7.41)</b>	(13.31)
Depreciation	<b>10.28</b>	9.52
Profit/(Loss) before Tax	<b>(17.69)</b>	(22.83)
Provision for taxes	<b>(1.85)</b>	(2.09)
Profit/(Loss) after tax	<b>(19.54)</b>	(24.92)
Excess provision of tax in respect of earlier years	<b>300.98</b>	78.28
	<b>281.44</b>	53.36
Balance brought forward	<b>(2,532.04)</b>	(2,584.89)
Prior period items	<b>(5.78)</b>	(0.51)
	<b>(2,256.38)</b>	(2,532.04)
<b>General Reserve deducted per contra</b>	<b>2,069.93</b>	2,069.93
Amount available for Appropriation	<b>(186.45)</b>	(462.11)

During the year ended 31<sup>st</sup> March, 2009 your Company has made loss of Rs.(19.54) lacs against loss of Rs.(24.92) lacs after tax. The Company cannot recommend dividend due to losses incurred by the company.

1. Sales of specialty chemicals during the year ended was Rs.415.42 lacs compared to Rs.351.25 lacs during the previous year.

**2. GUJARAT POLY-AVX ELECTRONICS LIMITED (GPAEL)**

The sale of GPAEL during the year ended 31<sup>st</sup> March, 2009 was Rs. 681.64 lacs as against sale of Rs.679.48 lacs during the previous year. GPAEL has made loss of Rs.40.62 lacs during the year ended 31<sup>st</sup> March, 2009 as compared to profit of Rs.22.82 lacs in the previous year.

**3. FINANCE:**

Company has paid an amount of Rs.3,28,84,048/- in full and final settlement towards interest free sales tax deferral loan in respect of Polyvinyl Alcohol Plant at Nimbut, Taluka Baramati, Pune in the month of May 2009.

**4. AUDIT COMMITTEE:**

The Audit Committee now consists of 3 members viz. Mr. H.C.Shah, Mr. V.V.Sahasrabudhe and Mr.T.R.Kilachand.

**5. DIRECTORS' RESPONSIBILITY**

Pursuant to Section 217(2AA) of the Companies Act, 1956 the Directors confirm that:

- In the preparation of the annual accounts, the applicable accounting standards have been followed.
- Appropriate accounting principles have been selected and applied consistently and have made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2009 and of the loss of the Company for the year ended 31<sup>st</sup> March, 2009.
- Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- The annual accounts have been prepared on a going concern basis.

**6. TAXATION:**

The Company's Income Tax assessments have been completed up to the year ended 31<sup>st</sup> March, 2006.



**7. DEPOSITS:**

Company has repaid all deposits and there are no outstanding deposits.

**8. INDUSTRIAL RELATIONS:**

Industrial Relations with the employees of the Company were cordial during the year under report.

**9. PARTICULARS OF EMPLOYEES:**

Provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 are not applicable to the Company.

**10. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO ETC.**

As required by the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the Report on Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo etc. is given in Annexure I forming part of this report.

**11. DIRECTOR:**

Mr.T.R.Kilachand retires from Office by rotation, but being eligible, offers himself for reappointment.

**12. CORPORATE GOVERNANCE:**

Pursuant to Clause 49 of the Listing Agreement a separate report on Corporate Governance and a certificate from the Auditors of the Company are annexed to the Director's Report.

**13. AUDITORS' REMARKS**

As regards the remarks in the Auditors' Report, please refer to the Notes on Accounts which are self explanatory.

**14. AUDITOR**

You are requested to appoint Auditors for the current year. The retiring Auditors, M/s. G.M.Kapadia & Co., Chartered Accountants, Mumbai are eligible for reappointment.

**15. DEMATERIALISATION (DEMAT) OF EQUITY SHARES:**

The facility is available to shareholders to DEMAT their shares. Shareholders are advised to DEMAT their Shares. The Directors extend their sincere thanks to the State and Central Government Authorities and Members for their co-operation and continued support during the difficult times being experienced by the Company.

Sincere thanks are also due to the management team and the staff for their valuable contribution despite adverse circumstances being faced by the Company.

By Order of the Board of Directors

**TANIL KILACHAND**  
Chairman & Managing Director

**Registered Office :**

7, Jamshedji Tata Road  
Churchgate Reclamation  
Mumbai 400 020.

Dated: 31st July, 2009

## ANNEXURE I

### A. CONSERVATION OF ENERGY

NIL

#### FORM 'A'

POWER AND FUEL CONSUMPTION	2008-09	2007-08
(1) <b>Electricity</b>		
(a) Purchased units (KWH)	14,676	13,076
Total Amount (Rs.)	93,050	78,840
Rate, KWH	6.34	6.03

#### FORM 'B'

Disclosures of particulars with respect to Technology Absorption, Research & Development.

### A. Research and Development

**1. Specific area in which R&D work is carried out:**

Your Company is trying to develop binders for paints.

**2. Benefits derived as a result of the above R&D:**

Once the work on development of binders is completed, your Company can look forward to a good market, domestic as well as export.

**3. Future plan of action:**

Though we are supplying small quantities of Styrene Maleic Anhydride to various customers, Company needs to work on this product further to improve its performance for various diversified applications of this product

**4. Expenditure on R & D:**

No major expenses incurred for R & D.

### B. Technology Absorption, Adaption and Innovation:

**1. Efforts in brief made towards technology absorption, adaption and innovation:**

Since local technology is used for manufacture of the products of the company, there is no question of technology absorption.

**2. Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution etc.:**

nil

**3. Imported Technology:**

No new technology has been imported.

**4. Foreign Exchange Earnings and Outgoings:**

(Rs.)

a) Foreign exchange outgo

5,84,000

b) Foreign exchange earned

30,66,369



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## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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### Overview:

Company is operating in the manufacturing of Specialty Chemicals and development of property/land.

### Opportunities

Your Company's customers for specialty polymers are in investment casting Industry. Due to global recessionary trends, the demand for Company's products, domestic as well as international had reduced in 3<sup>rd</sup> & 4<sup>th</sup> quarter of 2008-09. However, the demand is slowly picking up and likely to improve in the second quarter of 2009-10, based on expectation that domestic industry will resume growth and industries such as auto components etc. will once again show good demand.

The second specialty product is used as a filler in cement for structural repair of columns and beams in the old building. The demand for this product is on the rise as the repair work keeps on increasing due to ageing of buildings.

### Threats

The basic raw material for the majority of our products is Styrene Monomer. Styrene is derived from Benzene, which in turn is derived from crude oil. Crude oil prices though remained low since July 2008 the price is slowly rising upward which will result in squeezing our margins.

### Risk and Concerns:

Due to price fluctuation in the main raw material i.e. Styrene Monomer and no corresponding increase in the price of finished products the margin on our finished products is the major area of concern.

### Outlook:

Company has settled part of the statutory liability and is taking steps for settling the balance statutory liability. The working of Specialty Chemicals is also improving.

### Financial Performance:

- a) Share Capital:  
The issued and paid-up share capital of the Company is Rs.40,40,450/- consisting of 4,04,045 equity shares of Rs.10/- each as on 31<sup>st</sup> March, 2009.
- b) Reserves and Surplus:  
As on 31<sup>st</sup> March, 2009 the reserves and surplus are Rs.1509.99 lacs. However, there is accumulated loss of Rs.186.45 lacs.
- c) Secured Loans:  
There are no secured loans outstanding as on 31<sup>st</sup> March, 2009.
- d) Results of Operation:  
Revenue for the current year including other income amounts to Rs. 475.31 lacs compared to Rs. 487.70 lacs. Loss before tax is Rs.(17.69) lacs compared to loss before tax is Rs. (22.83) lacs during the previous year. Provisions for tax during the year is Rs.1.85 lacs compared to Rs.2.09 lacs during the previous year. Loss after tax amounts to Rs. (19.54) lacs during the year compared to loss of Rs.(24.92) lacs during the previous year.

### Industry Structure & Development

Our Company is manufacturing and selling Specialty Chemicals.

### Segment-wise Performance

There are two income generating segments. Segment-wise Revenue for the year ended 31<sup>st</sup> March, 2009 is as follows. viz. (1) Property/Land Rs.Nil(000) (2) Specialty Chemicals Rs 415.42(000). The sale of Specialty Chemicals is showing good growth.

### Internal Control System

Company has adequate internal control procedures commensurate with the size of the Company and nature of its business for the purchase of raw materials and fixed assets and for the sale of goods.

### Human Resources

The Company has good relations with its employees.



**CORPORATE GOVERNANCE REPORT (2008-2009)**

**1. Statement on Company's philosophy on code of governance.**

The Company's philosophy on Corporate governance is to attain high level of transparency and accountability in the functioning of the Company and in its relationship with employees, shareholders, creditors, lenders and ensuring high degree of regulatory compliances.

The Company also believes that its systems and procedures will enhance corporate performance and maximize shareholder value in the long term.

**2. Board of Directors**

The Board of Directors comprises of four members and is responsible for management of the Company's business. The Board's rôle, functions, responsibility and accountability are clearly defined.

Composition of the Board of Directors as on 31st March, 2009, is as follows:

Director	Executive/Non-Executive/Independent/Promoter
Mr.T. R.Kilachand	Chairman-cum-Managing Director/Promoter
Mr.H.C.Shah	Non-Executive Director/Independent
Mr.P.T.Kilachand	Whole-time Director/Promoter
Mr.V.V.Sahasrabudhe	Non-Executive Director/Independent

Attendance of each Director at the Board Meeting, last AGM, sitting fees paid and Number of other Directorship and Chairmanship/Membership of Committee of each Director in various companies.

F.Y. 2008-09 (April '08 to March '09):

Attendance Particulars				No. of other Directorships and Committee Membership/Chairmanship	
Name of the Director	Board Meetings	Last AGM	Sitting Fees Rs.	Other Directorship in Public Limited Companies	Committee Membership/Chairmanship
Mr.T.R.Kilachand	6	Yes	—	2	1(Chairman)
Mr.P.T.Kilachand	6	Yes	—	3	2
Mr.H.C.Shah	6	Yes	6,000	—	—
Mr.V.V.Sahasrabudhe	6	Yes	6,000	—	—

a) Sitting fees paid for attending Board meetings have only been taken into consideration.

**Remuneration to Directors**

The Managing Director and the Whole-time Director have not drawn any remuneration.

**Number of Board Meetings held and dates on which held:**

- 1) During the financial year 2008-09, six Board meetings were held on the following dates:
  - a) 25th April, 2008
  - b) 31st July, 2008
  - c) 19th September, 2008
  - d) 21st October, 2008
  - e) 25th November, 2008
  - f) 29th January, 2009

**3. Audit Committee**

The Company had constituted an audit committee on 31<sup>st</sup> January, 2002 pursuant to the requirements of Section 292A of the Companies Act, 1956 as well as Clause 49 of the Listing Agreement



The Audit Committee comprises of the following Directors:

- Mr. H.C.Shah – Chairman
- Mr. T.R.Kilachand
- Mr. V.V.Sahasrabudhe

Two members of the Audit Committee are independent. All members of the Audit Committee have knowledge of finance, accounts, company law. The quorum for audit committee meeting is minimum of two members.

Terms of reference of the Audit Committee are as per the guidelines set out in the listing agreement with the Stock Exchange that interalia, include overseeing financial reporting process, reviewing with the management the financial statements and adequacy of internal control systems.

The audit committee shall have the following powers-

- a) Investigate any activity within its terms of reference.
- b) Seek information from any employee.
- c) Obtain outside legal or other professional advice.
- d) Secure attendance of outsiders with relevant expertise, if considered necessary.

During the year 2008-09, four meetings of the Audit Committee were held on the following dates:

- a) 25th April, 2008
- b) 31st July, 2008
- c) 21st October, 2008
- d) 29th January, 2009

Name of the Director	No. of meetings attended
Mr.H.C.Shah	4
Mr. T.R.Kilachand	4
Mr.V.V.Sahasrabudhe	4

The Company Secretary acts as the Secretary to the Committee.

#### 4. Details of number of Shares and Convertible instruments held by Non-Executive Directors

Non-Executive Directors, Mr.H.C.Shah holds 139 equity shares and Mr. V.V.Sahasrabudhe holds 1 equity share of the Company

#### 5. Shareholders'/Investors' Grievance Committee

The Shareholders'/Investors' Grievance Committee has been delegated the power of attending to share transfers.

There are no transfers pending as at the date of certification of compliance of conditions of corporate governance.

The following directors are the members of the Shareholders'/Investors' Grievance Committee:

Sr. No.	Name of the Director	No. of Meeting(s)	
		Held	Attended
1.	Mr.H.C.Shah – Chairman	21	21
2.	Mr.T.R.Kilachand – Director	21	18
3.	Mr.P.T.Kilachand - Director	21	20

The Committee would look into the redressal of the shareholders' complaints in respect of all matters including transfer of shares, non-receipt of Annual Report, non-receipt of Share Certificates and investors complaints etc. Share Transfer formalities are attended to at least once a fortnight.

Mr.A. H. Mehta, VP-Corporate Affairs & Company Secretary provided secretarial support to the Committee and was also the designated Compliance Officer of the Company.

Thirteen complaints were received during the year and were solved. There are no complaints pending from the shareholders as on 31.3.2009.

#### 6. CEO/CFO CERTIFICATION

Mr. A.H.Mehta, VP-Corporate Affairs & Company Secretary of the Company has certified to the Board that:

- (a) He has reviewed financial statements and the cash flow statement for the year and that to the best of his knowledge and belief:-
  1. These statements do not contain any materially untrue statements or omit any material fact or contains statements that might be misleading.
  2. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

- (b) There are, to the best of his knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) He accepts responsibility for establishing and maintaining internal controls for financial reportings and that he has evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and he has disclosed to the auditors and the Audit Committee those deficiencies of which he is aware, in the design or operation of such internal control and that he has taken the required steps to rectify these deficiencies.
- (d) He further certifies that they have indicated to the auditors and Audit Committee -
- (i) there have been no significant changes in internal control over financial reporting during the year.
  - (ii) there have been no significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements.
  - (iii) there have been no instances of significant fraud of which he has become aware and the involvement therein, of management or an employee having significant role in the Company's internal control system over financial reporting.

## 7. Code of Conduct

The Company has framed and adopted a Code of Conduct, which is applicable to all the directors and members of the senior management in terms of Clause 49 (V) of the Listing Agreement. The said code, which came into effect from January 1, 2006, lays the general principles designed to guide all directors and members of the senior management in making ethical decisions.

All Directors and members of the senior management have confirmed their adherence to the provisions of the said code.

### Declaration

As provided under Clause 49 of the Listing Agreement with the Stock Exchange, we confirm that the Board Members and Senior Management of the Company have confirmed compliance with the Code for the year ended 31.03.2009.

For Polychem Limited

A.H.Mehta  
VP – Corporate Affairs & Company Secretary

## 8. Means of Communications

The quarterly results are communicated to Bombay Stock Exchange Ltd., Mumbai.

## 9. Disclosure

Mr.A.H.Mehta, Vice President-Corporate Affairs & Company Secretary, constitutes 'Management'.

The Board noted that certificate has been received from the management that there have not been any material financial or commercial transactions during the year where management has personal interest that may have a potential conflict with the interest of company at large.

The details of transactions of the company with the related parties have been disclosed as Note No.10 Schedule 16 of the Notes on Accounts. Management Discussions and Analysis Report has been annexed to the Annual Report.

## 10. General Shareholder Information:

<b>AGM Date:</b>	30th September, 2009
<b>Time</b>	2.30 p.m.
<b>Venue</b>	M.C.Ghia Hall, Bhogilal Hargovindas Building, 2 <sup>nd</sup> Floor, 18/20 Kaikhushru Dubash Marg, Mumbai 400 001.
<b>Financial Year</b>	April 2008 to March 2009
<b>Dates of Book Closure</b>	07.07.2009 to 14.07.2009
<b>Dividend Payment Date</b>	Not applicable
<b>Listing on Stock Exchange</b>	Bombay Stock Exchange Ltd. Mumbai
<b>Demat ISIN Numbers in NSDL &amp; CDSL for Equity Shares</b>	INE752B01024
<b>Stock Code</b>	Mumbai 506605



<b>Market price Data: High, Low during each Month in the financial year 2008-09</b>	See Table No.1 below
<b>Registrar and Share Transfer Agents</b>	M/s. Sharepro Services (India) Pvt. Ltd., 13AB, Samhita Warehousing Complex, 2nd Floor, Sakinaka Telephone Exchange Lane, Off Andheri Kurla Road, Sakinaka, Andheri (E), Mumbai 400 072.
<b>Share Transfer System</b>	Share Transfers are registered and returned within a period of 30 days from the date of receipt, if the documents are clear in all respects.
<b>Distribution of shareholding &amp; Category-wise distribution</b>	See table No.2 & 3
<b>De-materialisation of shares and liquidity</b>	See table No.4
<b>Plant Location</b>	<b>POLYVINYL ALCOHOL</b> , Chemical Complex, Nira/Nimbut, Taluka Baramati, Pune. <b>SPECIALTY CHEMICALS</b> , D/26, MIDC, Phase II, Dombivali (E) - 421 201.
<b>Address for correspondence</b>	Registered Office: 7, J.Tata Road, Churchgate Reclamation, Mumbai 400 020.

#### 11. General Body Meetings:

The particulars of Annual General Meetings / Extra-ordinary General Meetings of the Company held during the last 3 years are as under. The shareholders passed all the resolutions set out in the respective notices.

F.Y.	AGM	LOCATION	DATE	TIME
2005-06	AGM	Ashoka Hall, Arcadia, Behind NCPA (Tata Theatre) Nariman Point, Mumbai - 400 021.	21-09-2006	10:30 a.m.
2006-07	AGM	Walchand Hirachand Hall, Indian Merchants' Bldg, 76, Veer Nariman Road, Churchgate, Mumbai - 400 021.	28-09-2007	1.00 p.m.
2007-08	AGM	M.C.Ghia Hall, Bhogilal Hargovindas Bldg., 2nd Floor, 18/20 Kaikhushru Dubash Marg, Mumbai - 400 001.	19-09-2008	11.00 a.m.

**Table 1 - Market Price Data**

High and Low of market price of the Company's shares traded on Bombay Stock Exchange Ltd., Mumbai, during the financial year 2008-2009.

Month		High (Rs.)	Low (Rs.)	Total No. of Shares traded
April	- 2008	211.00	128.30	11,476
May	- 2008	204.75	143.05	13,248
June	- 2008	196.80	126.00	5,758
July	- 2008	172.35	110.10	2,392
August	- 2008	179.00	135.05	21,179
September	- 2008	250.00	121.05	62,454
October	- 2008	169.00	88.70	6,871
November	- 2008	106.95	78.60	1,376
December	- 2008	106.65	81.00	7,846
January	- 2009	106.55	84.60	4,608
February	- 2009	109.90	93.55	12,525
March	- 2009	110.25	90.30	12,569

**Table 2 - Distribution of shareholding as on 31-3-2009**

No. of Equity Shares held	No. of Shares held	% of total Shares	No. of Shareholders	% of total Shareholders
1 to 100	86,357	21.37	11,745	98.14
101 to 500	36,125	8.94	170	1.42
501 to 1000	8,340	2.07	12	0.10
1001 to 5000	71,984	17.82	33	0.28
5001 to 10000	30,518	7.55	4	0.03
10001 to 100000	1,70,721	42.25	4	0.03
100001 and above	—	—	—	—
<b>Total</b>	<b>4,04,045</b>	<b>100.00</b>	<b>11,968</b>	<b>100.00</b>

**Table 3 - Categorywise distribution of shareholding as on 31-03-2009**

Sr. No.	Category	No. of Shareholders	No. of shares held	% of total shares
1.	Promoters	9	1,66,956	41.32
2.	Public, Financial Institutions & Banks	22	21,722	5.38
3.	Mutual Funds	—	—	—
4.	Bodies Corporate	166	31,458	7.78
5.	Resident Individuals	11,739	1,83,507	45.42
6.	FII & OCBs	—	—	—
7.	Non-Resident Individuals	32	402	0.10
8.	State Government	—	—	—
	<b>Total</b>	<b>11,968</b>	<b>4,04,045</b>	<b>100.00</b>

**Table 4 - Break-up of shares in physical & electronic mode as on 31-03-2009**

Mode	No. of shareholders	% of total shareholders	No. of shares	% of total shares
Physical	8,769	73.27	61,817	15.30
Electronic	3,199	26.73	3,42,228	84.70
<b>Total</b>	<b>11,968</b>	<b>100.00</b>	<b>4,04,045</b>	<b>100.00</b>

**Details of Directors appointed and re-appointed during the year:**

The details of Director being appointed and re-appointed in the ensuing Annual General Meeting have been given in the 'Notice' calling the Fifty Second Annual General Meeting of the Company.



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## **CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE**

To the members of Polychem Limited

We have examined the compliance of conditions of Corporate Governance by **POLYCHEM LIMITED** for the year ended March 31, 2009 as stipulated in Revised 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 implementations 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 state that the Company has complied with the conditions of the Corporate Governance as stipulated in the above mentioned clause of the Listing Agreement.

We state that no investor grievance is pending for a period exceeding one month against the Company as per records maintained by the Shareholders' Grievance Committee except in cases which are constrained by disputes and legal impediments.

We further state that 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.

Mumbai  
Dated : 31st July, 2009

For **G.M.Kapadia & Co.,**  
*Chartered Accountants*

**Rajen Ashar**  
*Partner*  
Membership No. 48243

## AUDITORS' REPORT TO THE MEMBERS OF POLYCHEM LIMITED

1. We have audited the attached Balance Sheet of **POLYCHEM LIMITED** as at 31st March, 2009, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement preparation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
  - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - iii. The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - iv. In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
  - v. On the basis of written representations received from the directors, as on 31<sup>st</sup> March, 2009 and taken on record by the Board of Directors, we report that none of the directors of the Company **POLYCHEM LIMITED** are disqualified as on 31<sup>st</sup> March, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
  - vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with notes thereon, give the information required by the Companies Act, 1956 in the manner so required and also give a true and fair view in conformity with the accounting principles generally accepted in India: -
    - a. In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2009, and
    - b. In the case of the Profit & Loss Account, of the loss of the Company for the year ended on that date.
    - c. In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **G.M.Kapadia & Co.**,  
*Chartered Accountants*

Mumbai  
Dated: 31st July, 2009

**Rajen Ashar**  
*Partner*  
Membership No.48243



## ANNEXURE TO THE AUDITORS' REPORT

### Re: Polychem Limited

(Referred to in paragraph 3 of our report of even date)

- (i) (a) *We have been informed that the company is in the process of updating the Fixed Asset Register.*

As informed to us the fixed assets have been physically verified by the management during the year according to a phased programme as designed by the management. This, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. *We have been further informed that the discrepancy, if any, between the book records and physical verification would be accounted once the Fixed Assets Register is updated.*

- (b) Despite substantial transfer of fixed assets held for disposal, in our opinion it has not affected the going concern.
- (ii) (a) The inventory has been physically verified by the management during the year. In our opinion, and according to the information and explanation given to us, the frequency of verification is reasonable.
- (b) The procedures of physical verification, in our opinion, are reasonable and adequate in relation to the size of the Company and nature of its business.
- (c) *The Company is maintaining proper records of inventory. No discrepancies were noticed on verification between the physical stocks and the book records.*
- (iii) (a) The Company has granted an intercorporate deposit to one company covered in the register maintained under section 301 of the Act. The maximum amount involved during the year was Rs. 27 lakhs and the year end balance of loans granted to such party was Nil.
- (b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loans are not prima facie prejudicial to the interest of the Company.
- (c) Since the party has repaid the intercorporate deposit this clause (iii)(c) and (iii)(d) are not applicable.
- (d) As informed to us, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Act. Therefore, the provisions of Clauses (iii)(f) and (iii)(g) of paragraph 4 of the Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal controls system.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the transactions for the year that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanation given to us, during the year, there is no transaction made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakh in respect of any party.
- (vi) In our opinion and according to the information and explanation given to us, the Company has not accepted deposits from the public and therefore, the provisions contained in sections 58A, 58AA or any other relevant provisions of the Act and Rules framed there under are not applicable to the Company. As informed to us, the Company has refunded principal amount of deposit in case of matured deposits.
- (vii) *The Company does not have an internal audit system.*
- (viii) As informed to us provisions of clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 regarding maintenance of cost records are not applicable to the Company;
- (ix) (a) *Based on the records produced before us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues such as provident fund, investor education and protection fund, employees state insurance, income-tax, sales-tax, wealth tax, service tax, custom duty, excise duty, cess and other material*



# POLYCHEM LIMITED

statutory dues wherever applicable and there are no amounts in arrears as at March 31, 2009 for a period of more than six months from the date they became payable *except*

Particulars	Amount (Rs. 000')
<i>Deferred sales tax loan</i>	33,739
(b) According to the information and explanations given to us, there are no dues of customs duty, wealth tax, which have not been deposited on account of any dispute except disputed Income tax, and property tax as under..	

Assessment year	Amount In Rs (000's)	Authority with whom appeal pending
<i>Income tax dues 2005-06</i>	85	<i>Commissioner of Income tax appeals</i>
Property Tax	23,272	<i>Tahsildar of Roha and Sub Divisional Officer</i>

- (x) In our opinion the accumulated losses of the Company are not more than 50% of its net worth as at 31st March, 2009. The Company has incurred cash losses during the financial year covered by our audit, and the Company had incurred cash losses during the immediately preceding financial year.
- (xi) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xii) In our opinion, the company is not a nidhi/mutual fund/society. Therefore the provisions of Clause 4(xiii) of the order are not applicable to the Company.
- (xiii) According to the information and explanations given to us the Company is not dealing or trading in shares, securities, debentures and other investments. The investments by way of bonds and mutual funds are held by the Company in its own name.
- (xiv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions except as stated on Note No 5 of Schedule 16. As informed to us the Company has not given undertaking in the said matter till date.
- (xv) The Company has not availed term loans during the year and hence provisions of Sub Clause (xvi) of Clause 4 of the Order is not applicable to the Company.
- (xvi) According to the information and explanations given to us and on an overall examination of balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment
- (xvii) The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956, during the year, hence the question of whether the price at which shares have been issued is prejudicial to the interest of the company does not arise.
- (xviii) The Company has not issued any debentures hence the question of whether securities or charge have been created does not arise.
- (xix) The Company has not raised any money by public issues during the year covered by our report.
- (xx) According to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the year.

For **G.M.Kapadia & Co.,**  
*Chartered Accountants*

**Rajen Ashar**  
*Partner*

(Membership No. 48243)

Mumbai

Dated : 31st July, 2009



## BALANCE SHEET AS AT 31ST MARCH, 2009

	Schedule No.		Rupees in 000'	As at 31-3-2008 Rupees in 000's
<b>SOURCES OF FUNDS</b>				
<b>1 Shareholders' funds</b>				
(a) Share Capital	1	4,040		4,040
(b) Reserves & Surplus	2	150,999	155,039	150,999
<b>2 Loan Funds :</b>				155,039
Unsecured Loans	3		33,739	33,739
<b>Total</b>			<b>188,778</b>	<b>188,778</b>
<b>APPLICATION OF FUNDS</b>				
<b>1 Fixed Assets :</b>	4			
(a) Gross Block			25,581	27,585
(b) Less : Depreciation			(19,411)	(19,962)
(c) Net Block			6,170	7,623
Assets held for disposal			3,361	3,361
<b>2 Investments</b>	5		51,080	14,016
<b>3 Current Assets, Loans &amp; Advances:</b>				
(a) Inventories	6	2,235		6,554
(b) Property under development		13,994		13,994
(c) Sundry Debtors	7	6,650		7,628
(d) Cash & Bank Balances	8	62,475		103,084
(e) Loans & Advances	9	31,689		7,128
		117,043		138,388
<b>Less :</b>				
<b>Current Liabilities &amp; Provisions :</b>				
(a) Current Liabilities	10	2,431		8,574
(b) Provisions	11	5,090		12,247
		7,521		20,821
<b>Net Current Assets</b>			109,522	117,567
<b>4 Profit &amp; Loss Account</b>			18,645	46,211
<b>Total</b>			<b>188,778</b>	<b>188,778</b>
Significant accounting policies & notes on accounts	16			

As per our attached report of even date

**For G.M.Kapadia & Co.,**  
Chartered Accountants

**Rajen Ashar**  
Partner

Mumbai, Dated : 31st July, 2009

For and on behalf of the Board

**T. R. Kilachand**  
**P.T.Kilachand**  
**V.V.Sahasrabudhe**  
**A. H. Mehta**

*Chairman & Managing Director*  
Whole Time Director  
Director  
VP- Corporate Affairs &  
Company Secretary

Mumbai, Dated : 31st July, 2009

# POLYCHEM LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

	Schedule No.	Rupees in 000'	Previous year Rupees in 000'
<b>INCOME</b>			
Net Sales	12	41,542	35,125
Other Income	13	9,197	10,897
(Decrease)/Increase in WIP Stock	14	(3,208)	2,748
<b>Total</b>		<b>47,531</b>	<b>48,770</b>
<b>EXPENDITURE</b>			
Manufacturing and Other Expenses	15	48,272	50,101
Depreciation		1,028	952
<b>Total</b>		<b>49,300</b>	<b>51,053</b>
<b>Profit/(Loss) before Tax</b>		<b>(1,769)</b>	<b>(2,283)</b>
Provision for :-			
Current Tax		—	—
Fringe Benefit Tax		(185)	(209)
<b>Profit/(Loss) after tax</b>		<b>(1,954)</b>	<b>(2,492)</b>
(Short)/Excess Provision for Tax of earlier years		30,098	7,828
		28,144	5,336
Deficit brought forward from Previous year		(253,204)	(258,489)
		(225,060)	(253,153)
<b>Prior period Items</b>		<b>(578)</b>	<b>(51)</b>
		(225,638)	(253,204)
General Reserve as per Contra		206,993	206,993
<b>Deficit carried to Balance Sheet</b>	<b>Total</b>	<b>(18,645)</b>	<b>(46,211)</b>
Basic and Diluted Earnings per share		69.66	13.21
( Ref note no. 9 of schedule 16 )			
Significant Accounting Policies and Notes on Accounts	16		

As per our attached report of even date

**For G.M.Kapadia & Co.,**  
Chartered Accountants

**Rajen Ashar**

Partner

Mumbai, Dated : 31st July, 2009

For and on behalf of the Board

**T. R. Kilachand**  
**P.T.Kilachand**  
**V.V.Sahasrabudhe**  
**A. H. Mehta**

Chairman & Managing Director  
Whole Time Director  
Director  
VP - Corporate Affairs &  
Company Secretary

Mumbai, Dated : 31st July, 2009



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

Rupees in 000's

	Current Year	Previous Year
<b>PROFIT/(LOSS) BEFORE TAX</b>	(1,769)	(2,283)
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES :</b>		
<b>Adjustments for:</b>		
Depreciation	1,028	952
Interest Income	(7,029)	(9,173)
(Profit)/Loss on Fixed Assets discarded	(377)	117
Irrecoverable balances written off	224	1,080
Amount no longer payable -written back	—	(765)
Loss on Sale of Shares	1,035	—
Prior period expenses	(578)	(51)
	(7,466)	(10,123)
<b>Exceptional Items:</b>		
Provision no longer required	—	—
<b>Operating Profit/(Loss) before working capital changes</b>	(7,466)	(10,123)
(Increase)/Decrease in sundry debtors & Other Receivables	580	(1,456)
Increase/(Decrease) in sundry Creditors & other payables	(6,143)	1,793
(Increase)/Decrease in Inventories	4,319	(5,357)
<b>Cash (used in)/generated from operations</b>	(8,710)	(15,143)
Income tax payments	(1,428)	(1,209)
Fringe Benefit Tax	(180)	(209)
<b>Net cash generated from/(used in) Operating activities</b>	(10,318)	(16,561)
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(322)	(1,321)
Proceeds from sale of fixed assets	1,125	207
Proceeds from sale of investments	38,389	(2,551)
Proceeds for purchase of investments	(76,488)	—
Interest received	7,790	7,964
<b>Net cash generated from Investing activities</b>	(29,506)	4,299
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of Loans	—	—
Redemption of 13.5% Preference Share Capital	—	(5,000)
Interest paid	—	—
<b>Net cash (used in) financing activities</b>	—	(5,000)
<b>Net (Decrease)/Increase in cash and cash equivalents</b>	(39,824)	(17,262)
Cash and cash equivalents at the beginning of the year	101,351	118,613
<b>Cash and cash equivalents at the end of the year</b>	61,527	101,351
<b>Reconciliation of cash and cash equivalents</b>		
As per Balance Sheet - Schedule 8	62,475	103,084
Less : Interest accrued on bank deposits	(948)	(1,733)
<b>As per Cash flow statement</b>	61,527	101,351

As per our attached report of even date

**For G.M. Kapadia & Co.,**  
Chartered Accountants

**Rajen Ashar**  
Partner

Mumbai, Dated : 31st July, 2009

For and on behalf of the Board

<b>T. R. Kilachand</b>	Chairman & Managing Director
<b>P.T. Kilachand</b>	Whole Time Director
<b>V.V. Sahasrabudhe</b>	Director
<b>A. H. Mehta</b>	VP - Corporate Affairs & Company Secretary

Mumbai, Dated : 31st July, 2009

# POLYCHEM LIMITED

## SCHEDULES FORMING PART OF THE ACCOUNTS

		Rupees in '000	As at 31st March 2008 Rupees in '000
<b>Schedule 1</b>			
<b>SHARE CAPITAL</b>			
Authorised			
40,000,000	equity shares of Rs. 10/- each	400,000	400,000
600,000	redeemable cumulative preference shares of Rs. 100/- each	60,000	60,000
500,000	cumulative convertible preference shares of Rs. 100/- each	50,000	50,000
<b>Total</b>		<b>510,000</b>	<b>510,000</b>
Issued, subscribed and paid-up			
4,04,045	equity shares of Rs. 10/- each	4,040	4,040
<b>Total</b>		<b>4,040</b>	<b>4,040</b>

### Notes

- Out of the above equity shares:
  - 2500 equity shares of Rs. 10/- each have been allotted as fully paid-up pursuant to a contract without payment being received in cash;
  - 235,000 equity shares of Rs. 10/- each have been allotted as fully paid-up bonus shares by capitalisation of Share Premium Account, General Reserve and Capital Redemption Reserve.

### Schedule 2

#### RESERVES AND SURPLUS

Capital Reserve No. 1	As per last Balance Sheet	2,500	2,500
Capital Reserve No. 3	As per last Balance Sheet	1,062	1,062
Share Premium Account	As per last Balance Sheet	142,437	142,437
Capital Redemption Reserve	As per last Balance Sheet	5,000	5,000
General Reserve	As per last Balance Sheet	206,993	206,993
Debit balance in Profit and Loss account as per contra		(206,993)	(206,993)
<b>Total</b>		<b>150,999</b>	<b>150,999</b>

### Schedule 3

#### UNSECURED LOANS

Interest free sales tax deferral loan	33,739	33,739
<b>Total</b>	<b>33,739</b>	<b>33,739</b>

### Schedule 4

#### FIXED ASSETS

(Rupees in '000)

Nature of Assets	Gross block			Depreciation			Net block			
	As at 01-04-2008	Additions	Deductions/ Adjustments	As at 31-3-2009	Upto 01-04-2008	For the Year	Deductions/ Adjustments	As at 31-3-2009	As at 31-3-2009	As at 31-3-2008
Free hold land	627	—	—	627	—	—	—	627	627	627
Building	7,406	—	1,458	5,948	4,252	149	819	3,582	2,366	3,154
Plant and Machinery	1,445	177	868	754	994	80	760	314	440	451
Vehicles	2,291	—	—	2,291	1,152	295	—	1,447	844	1,139
Furniture, fittings and office equipment	15,816	145	—	15,961	13,564	504	—	14,068	1,893	2,252
<b>Total</b>	<b>27,585</b>	<b>322</b>	<b>2,326</b>	<b>25,581</b>	<b>19,962</b>	<b>1,028</b>	<b>1,579</b>	<b>19,411</b>	<b>6,170</b>	<b>7,623</b>
Previous year	27,008	1,321	744	27,585	19,501	952	491	19,962	7,623	

### Note:

Building includes Rs 5,948(000) (Previous Year Rs 7,405(000)) being cost of ownership flat. The Company holds 118 shares (Previous Year 123 Shares) of the face value of Rs 50/- each as required by the Bye-laws of the co-operative society



As at  
31st March 2008  
Rupees  
in '000s

**Schedule 5**

**INVESTMENTS**

LONG TERM, NON TRADE INVESTMENTS:

**IN EQUITY SHARES / DEBENTURES OF JOINT STOCK COMPANIES, FULLY PAID UP**

**QUOTED**

In equity shares

600(1000)	Great Eastern Shipping Co Ltd of Rs 10/- each	219	353
175(200)	ICICI Bank Ltd of Rs 10/- each	163	234
800(2000)	Infrastructure Development Finance Co Ltd of Rs 10/- each	140	400
100(Nil)	Housing Development Finance Corp Ltd of Rs 100/- each	206	—
300(Nil)	Mundra Port Special Economics Zone Ltd of Rs 10/- each	149	—
1,700(Nil)	Reliance Petroleum Ltd of Rs 10/- each	296	—
600(Nil)	Hindustan Uniliver Ltd of Rs 1/- each	126	—
600(Nil)	ITC Ltd of Rs 1/- each	111	—
260(180)	Larsen & Toubro Ltd of Rs 2/- each	452	673
40(250)	Reliance Industries Ltd of Rs 10/- each	97	615
105(130)	State Bank of India of Rs 10/- each	147	276
28,66,154 (28,66,154)	Gujarat Poly-AVX Electronics Ltd ( GPAEL) of Rs 10/- each	41,944	41,944
62(62)	Mafatlal Dyes & Chemicals Ltd of Rs 10/- each	—	—
6(6)	DCM Shriram Industries Ltd of Rs 10/- each	—	—
9(9)	Crecent Finstock Ltd of Rs 10/- each	—	—
1(1)	DCM Ltd of Rs 10/- each	—	—
		<b>44,050</b>	44,495
		<b>(30,479)</b>	(30,479)
		<b>13,571</b>	14,016

Less : Provision

**MUTUAL FUND**

**UNQUOTED**

12,50,000(Nil)	SBI Mutual Fund - L1751G SDFS-13M Series 8 ( Institutional ) Growth (Units of Rs 10/- each)	12,500	—
12,50,000(Nil)	Kotak Mahindra Fund - FMP 12M Series 8 ( Institutional ) Growth (Units of Rs 10/- each)	12,500	—
12,50,907(Nil)	Kotak Mahindra Fund - FMP 12M Series 8 ( Institutional ) Growth (Units of Rs 10/- each)	12,509	—
		<b>37,509</b>	—
	<b>Total</b>	<b>51,080</b>	14,016

Aggregate of Quoted Investments  
Previous Year  
Mutual Funds  
Previous Year

<b>Cost (Rs)</b>	<b>Market (Rs)</b>
44,050	9,814
44,495	14,141
37,509	—
—	—
<b>81,559</b>	9,814

**Acquired and sold during the year**

	<b>Total</b>	<b>Cost (Rs)</b>	<b>Market (Rs)</b>
	No of Units	Acquisition Cost Rs'000	
A Growth Option ( Units of Rs 10/- each, unless otherwise specified )			
1 Kotak Liquid ( Institutional ) Growth	1,499,044	25,020	
2 L147IG SBI-Liquid Plus - ( Institutional ) Growth	1,148,369	12,521	
B Equity Shares ( Quoted ) ( Shares of Rs 10/- each, unless otherwise specified )			
1 Great Eastern Shipping Co Ltd	300	121	
2 ICICI Bank Ltd	175	115	
3 Infrastructure Development Finance Co Ltd	800	92	
4 Larsen & Toubro Ltd ( Equity Shares of Rs 2/- each )	240	91	
5 Reliance Industries Ltd	40	88	
6 State Bank of India	75	83	

# POLYCHEM LIMITED

	Rupees in '000s	As at 31st March 2007 Rupees in '000s
<b>Schedule 6</b>		
<b>INVENTORIES</b>		
(As per value certified by the management )		
Stores, Spares and Packing material	193	212
Raw Material	887	1,979
Work in process	1,155	4,363
<b>Total</b>	<b>2,235</b>	<b>6,554</b>
<b>Schedule 7</b>		
<b>SUNDRY DEBTORS</b>		
(Unsecured and considered good )		
Debts outstanding for a period less than six months	6,437	6,851
Debts outstanding for a period more than six months	213	777
<b>Total</b>	<b>6,650</b>	<b>7,628</b>
<b>Schedule 8</b>		
<b>CASH AND BANK BALANCES</b>		
Cash on hand	74	113
Balances with scheduled banks		
- in Current Accounts	376	1,117
- in Deposit Accounts	62,025	101,854
(including interest accrued Rs 948(000) Previous Year Rs 1733(000) )		
	62,401	102,971
<b>Total</b>	<b>62,475</b>	<b>103,084</b>
<b>Schedule 9</b>		
<b>LOANS AND ADVANCES</b>		
(Unsecured )		
Advances recoverable in cash or in kind or for value to be received	31,689	7,128
<b>Total</b>	<b>31,689</b>	<b>7,128</b>
<b>Notes:</b>		
1 Considered good	8,381	7,128
2 Loans/Advances to firms / companies in which directors are interested :		
- Gujarat Poly - AVX Electronics Ltd	—	3
3 Loans / Advances to others :		
- Loan to employees	1,020	803
<b>Schedule 10</b>		
<b>CURRENT LIABILITIES</b>		
<b>Sundry Creditors :</b>		
Total outstanding dues to Micro and Small Enterprises	—	—
Total Outstanding dues to creditors other than Micro and Small Enterprises	824	1,979
	824	1,979
Other Liabilities	1,607	6,595
<b>Total</b>	<b>2,431</b>	<b>8,574</b>
<b>Schedule 11</b>		
<b>PROVISION</b>		
For income tax ( Net of Advance Tax)	5,090	12,247
<b>Total</b>	<b>5,090</b>	<b>12,247</b>



	Rupees in '000s	As at 31-12-2008 Previous Year Rupees in '000s
<b>Schedule 12</b>		
<b>GROSS SALES</b>		
Sales - Specialty Chemicals	46,757	39,606
Less: Excise duty	(5,215)	(4,481)
Net Sales	<b>41,542</b>	<b>35,125</b>
<b>Schedule 13</b>		
<b>OTHER INCOME</b>		
Interest on deposits, margin money, etc (Tax deducted at source Rs 1,400 (000) ,Previous year Rs12,09(000))	7,029	9,173
Rent Income	81	84
Profit on Sale of Fixed Assets	486	25
Amounts no longer payable written back	—	765
Exchange Fluctuation Difference	120	99
Sale of DEPB Licence	373	—
Dividend Income	34	—
Miscellaneous Income	1,074	751
<b>Total</b>	<b>9,197</b>	<b>10,897</b>
<b>Schedule 14</b>		
<b>(DECREASE)/INCREASE IN STOCK OF WORK IN PROCESS</b>		
Work in Process - 31st March 2009	1,155	4,363
Work in Process - 1st April 2008	(4,363)	(1,615)
<b>(Decrease)/Increase</b>	<b>Total</b>	<b>2,748</b>
<b>Schedule 15</b>		
<b>MANUFACTURING AND OTHER EXPENSES</b>		
Raw Materials consumed	23,116	25,303
Purchase of Semi-Finished Goods	307	584
Conversion and processing charges	5,914	5,736
<u>Payments to and provisions for employees</u>		
Salaries,wages and bonus	3,934	4,590
Contribution to provident and other funds	910	577
Staff welfare expenses	681	484
	<b>5,525</b>	<b>5,651</b>
<b>Operating and other expenses :</b>		
Stores,spares and packing materials consumed	618	455
Electric power, oil,fuel and water charges	774	574
Rent	1,703	1,545
Rates and taxes	231	129
Selling and distribution expenses	1,560	785
Insurance	16	92
<u>Repairs and Maintanance</u>		
Machinery	22	38
Building	39	49
Others	310	462
	<b>371</b>	<b>549</b>
Telephone expenses	561	473
Legal and professional fees	3,413	4,357
Irrecoverable balances written off	224	1,080
Directors sitting fees	20	14
Loss on Fixed Assets - scrap/sold	109	72
Loss on sale of Shares	1,035	—
Miscellaneous expenses	2,775	2,702
	<b>13,410</b>	<b>12,827</b>
<b>Total</b>	<b>48,272</b>	<b>50,101</b>



## Schedules forming part of the Accounts

### Schedule 16

#### SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

##### A. SIGNIFICANT ACCOUNTING POLICIES

###### BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements are prepared under historical cost convention on the accrual basis of accounting and in accordance with the generally accepted accounting principles.

###### FIXED ASSETS

Fixed assets are stated at cost of acquisition or construction less accumulated depreciation.

###### ASSETS HELD FOR DISPOSAL

Fixed Assets retired from active use and held for disposal are stated at the lower of book value and net realisable value and are disclosed separately in the financial statements.

###### DEPRECIATION

Depreciation on fixed assets is provided on written down value method in accordance with the Companies Act, 1956.

###### INVESTMENTS

Current investments are carried at lower of cost and fair value, Long term investments are carried at cost.

Provision is made to recognise decline, other than temporary in the carrying amount of long-term investments.

###### INVENTORIES

Stores, spares and packing materials, raw materials, work-in-process and finished goods are valued at cost or net realisable value, whichever is lower. Cost of stores, spares and packing materials and raw materials is determined on FIFO basis. Cost of work-in-process and finished goods is determined on the basis of absorption costing method.

###### PROPERTY UNDER DEVELOPMENT

Property under development represents free hold land converted into stock-in-trade on the basis of valuation made by approved valuers and development expenses incurred thereon.

###### EMPLOYEE BENEFITS

- a) Short term employee benefits ( benefits which are payable within twelve months after the end of the period in which employees render services ) are measured at cost.
- b) Long term employee benefits (benefits which are payable after the end of twelve months in which the employees render services ) and post employment benefits ( benefits which are payable on completion of employment) are measured on a discounted basis by the Projected Unit Credit Method on the basis of actuarial valuation annually.
- c) Contributions to Provident Fund, a defined contribution plan are made in accordance with the statute, and the recognised as an expense when employees have rendered service entitling them to the contributions.
- d) The cost of providing gratuity, a defined benefit contribution plan, is determined using Projected Unit Credit Method on the basis of actuarial valuation carried

out by actuaries at the balance sheet date. The gratuity obligation recognized in balance sheet represents the present value of the obligation as reduced by the fair value of plan assets. Actuarial gains and losses are recognised in the Profit & Loss Account

###### ACCOUNTING OF CENVAT CREDIT

CENVAT credit on raw material and capital goods is accounted for by reducing the purchase cost of raw materials and capital goods respectively.

###### REVENUE RECOGNITION

Revenue (income) is recognised when no significant uncertainty as to determination or realisation exists.

Sales are recognised ex-works and are inclusive of excise duty and net of sales tax.

###### FOREIGN CURRENCY TRANSACTIONS

- a) Foreign currency transactions are accounted at the exchange rate prevailing on the date of transaction.
- b) The difference between the rate at which the transactions are accounted as stated above and the contracted rate is spread over the life of the contract. The difference on account of fluctuation in the rate of exchange is dealt with in the Profit and Loss Account.
- c) Year end monetary assets are translated at year end rate of exchange.

###### DOUBTFUL DEBTS AND ADVANCES

Provision is made in the accounts for debts and advances which in the opinion of the management are considered doubtful of recovery.

###### BORROWING COSTS

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

###### TAXES ON INCOME

Provision for taxation is made on the basis of the taxable profits computed for the current accounting period (reporting period) in accordance with the Income Tax Act, 1961.

Deferred tax asset and liability are recognised for the future tax consequences of timing difference of the accounting income and taxable income for the year and measured using enacted tax rates expected to apply to taxable income in the years in which the timing difference are expected to be received or settled. Where there are unabsorbed depreciation or carry forward losses, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. Other deferred tax assets are recognised only to the extent that there is a reasonable certainty of realisation in future.

###### PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A provision is recognised when an enterprise had present obligations as a result of past event and it is probable that an outflow of resources will be required to settle the obligation in



respect of which reliable estimates can be made.

Provisions are not discounted to their present value and are determined based on management estimates required to settle the obligations at the balance sheet date. These are reviewed at the balance sheet date and adjusted to reflect the current management estimates.

## B. NOTES ON ACCOUNTS

### 1. Contingent Liabilities in respect of:

	<b>Current Year Rupees in '000</b>	<b>Previous year Rupees in '000</b>
(i) <i>Claims against the Company not acknowledged as debts:</i>	1,239	1,239
Relates to Octroi matter, employees claims etc. No provision is made, as the Company is hopeful of successfully contesting the claims and as such does not expect any significant liability to crystallise.		
(ii) Guarantees given by the banks on behalf of the Company for import licence in favour of Customs, Central Excise and Others.	534	534
(iii) Bonds executed in favour of the Collector of Central Excise, Mumbai for export of goods	1,260	1,260
(iv) Disputed tax liabilities contested by the Company	85	30,322
(v) The Company has taken certain premises on sub-lease. The Landlord a Government Company issued a notice under the Public Premises (Eviction of Unauthorised Occupants) Act, 1971 against the Company for eviction and has demanded damages and other charges, which are disputed by the Company. The proceedings in this connection are pending before the Estate Officer. The Contingent liability in respect of damages, interest claimed by the Insurance Company cannot be quantified.		
(vi) The Tahsildar has issued a notice on the Company levying a demand for Rs. 23,272,273/- (Rupees Two Crores Thirty Two Lacs Seventy Two Thousand Two Hundred Seventy Three Only) for not putting the land situated at Kondgaon, Nidi, & Chikni to non-agricultural use. During the earlier years the Company has sold the land at Kondgaon & Nidi. The Company has contested the demand with the Tahsildar & Sub Divisional Officer. In view of the management, there would not be any liability on the Company. Accordingly no provision has been made in the accounts. In the meantime the Tahsildar has attached the land situated at Chikni for recovery of the dues.		
2 Company is negotiating with the sales tax authorities of Maharashtra in respect of interest free sales tax deferral loan for One Time Settlement. Company is also pursuing the pending income tax and sales tax cases.		

### 3. Payment to Auditors:

	<b>Current Year Rupees in '000</b>	<b>Previous year Rupees in '000</b>
(a) As auditors	150	100
(b) As advisors, or in any other capacity, in respect of: —Taxation matters	110	100
(c) For Limited review	100	75
(d) For VAT Audit	40	—
(e) For Tax Authority Representation	66	—
(f) For service tax	56	34
<b>Total</b>	<b>522</b>	<b>309</b>

4. Amount of lease rental charged to the profit and loss account in respect of premises taken on cancellable operating lease is Rs. 174(000) [previous year, Rs. 153(000)]

5. The Company holds 2,866,154 equity shares of Rs.10/- each fully paid up [Cost Rs.41,944(000)] in Gujarat Poly-AVX Electronics Limited (GPAEL), a sick industrial undertaking within the meaning of section 3(1)(O) of the Sick Industrial Companies (Special Provisions) Act, 1985. Pursuant to a scheme of rehabilitation sanctioned by the Appellate Authority for Industrial and Financial Reconstruction (AAIFR), in respect of GPAEL, the Company is required to pledge its investments in equity shares of GPAEL with ICICI being the designated operating agency for GPAEL, towards full payment of One Time Settlement (OTS) amount to Term Lenders. Further, pursuant to the aforesaid scheme, the Company is required to give an undertaking that it shall meet any shortfall in cash generation of GPAEL to ensure payment of dues to term lenders as per the OTS Scheme between GPAEL and the term lenders.

After the end of 31st March, 2009, GPAEL has fully paid OTS amount to the Term Lenders.

6. The difference between taxable income and accounting income arising on account of disallowances u/s43B of the Income Tax Act, 1961 have resulted in deferred tax assets. The management has taken a conservative approach in the matter. No deferred tax assets has been recognised in absence of virtual certainty supported by convincing evidence of future taxable income.

7. Balance of Sundry creditors, Loans and advances, Deposits and amounts outstanding for sales tax deferred loans are subject to confirmation and subsequent reconciliation and adjustments, if any.

### 8. Employee Benefits

#### (i) Defined Contribution plans :

Company's contribution to Provident Fund is Rs.2.78 lacs (Previous year Rs.2.36 lacs)

#### (ii) Defined Benefits Plans :

The following table sets out the funded status of the Gratuity Plan and the amounts recognised Company's financial statements as at 31st March, 2009.

# POLYCHEM LIMITED

**(a) Change showing changes in present value of obligations**

	As at 31.03.2009 (Rs.000)	As at 31.03.2008 (Rs.000)
Present value of obligations as at beginning of year	1504	1261
Interest cost	120	101
Current Service Cost	79	76
Benefits Paid	—	—
Actuarial (Gain)/Loss on obligations	11	(89)
Present value of obligations as at end of year	<u>1714</u>	<u>1349</u>

**(b) Changes in the fair value of plan assets**

	31.03.2009	31.03.2008
Fair value of plan assets at beginning of year	1368	1252
Expected return on plan assets	121	116
Contributions	299	—
Benefits Paid	—	—
Actuarial Gain/(Loss)	23	—
Fair value of plan assets at end of year	<u>18</u>	<u>1368</u>

**(c) Fair Value of Plan Assets**

	31.03.2009	31.03.2008
Fair value of plan assets at the beginning of year	1368	1252
Actual return on plan assets	144	116
Contributions	299	—
Benefits Paid	—	—
Fair value of plan assets at the end of the year	1811	1368
Funded status	97	19
Excess of Actual over estimated return on plan assets (Actual rate of return = Estimated rate return as ARD falls on 31st March)	23	Nil

**(d) Actuarial Gain/(Loss) recognised**

Actuarial Gain/(loss) for the year - Obligation	(11)	89
Actuarial Gain/(Loss) for the year - Plan Assets	23	Nil
Total (Gain)/Loss for the year	<u>12</u>	<u>(89)</u>
Actuarial (Gain)/Loss recognised in the year	(12)	(89)

**(e) The amounts to be recognised in the balance sheet and statement of profit and loss**

Present value of obligations as at the end of year	1714	1349
Fair value of plan assets as at the end of the year	(1811)	1368
Funded status	—	19
Net Asset/(Liability) recognised in the balance sheet	(97)	(19)

**(f) Expenses Recognised in statement of profit and loss**

Current service cost	79	76
Interest Cost	120	101
Expected return on plan assets	(121)	116
Net Actuarial (Gain)/Loss recognised in the year	(12)	(89)
Expenses recognised in statement of Profit and loss	66	(28)

**(g) To fund the obligation under the plan, contributions are made to Life Insurance Corporation of India, who has invested funds as under :**

Description	% of Investment
Central Government Securities	56.09
State Government Securities	11.18
Approved marketable government guaranteed securities	2.96
Bonds/Debentures etc	22.03
Loans	0.36
Equity Shares:	5.64
Preference Shares	0.02
Fixed Deposits and Money Market instruments	1.72
Total	<u>100.00</u>

**(h) Assumptions**

	Gratuity 2008-09	2007-08
Discount Rate (per annum)	8.00%	8.00%
Expected rate of return on plan assets (per annum)	8.00%	—
Expected rate of increase in compensation levels (per annum)	6.00%	4.00%

9. Earnings per share is calculated by dividing the profit/(loss) attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year as under:

	2008-09	Previous Year 2007-08
Net Profit/(Loss) for the year after tax (Rs'000)	(1,954)	(2,492)
Excess/(Short) provision for tax of earlier Years (Rs'000)	30,098	7,828
Profit/(Loss) attributable to equity shareholders (Rs'000)	<u>28,144</u>	<u>5,336</u>
Weighted Average No of Equity Shares outstanding during the year	404,045	404,045
Basic/Diluted Earning per share	69.66	13.21
Nominal value per share (Rs.)	10/-	10/-

10. Related Party Transactions

(a) Names of related parties and description of relationship

Sr. No.	Nature of relationship	Name of the related parties
1.	Substantial Interest	GINNERS and PRESSERS Limited Connell Bros. Co. (I) Pvt.Ltd. Gujarat Poly-AVX Electronics Ltd. Rasayani Traders Pvt. Ltd. Sun Tan Trading Co. Ltd.
2.	Key Managerial personnel	Mr. T.R.Kilachand Managing Director Mr. P.T.Kilachand Whole Time Director

(b) Details of Transactions are as below :

Particulars	Substantial Interest		Key Managerial Personnel		Total	
	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
Expenses payable	637	1088	—	—	637	1088
Expenses recoverable	1133	804	—	—	1133	804
Managerial Remuneration	—	—	—	—	—	—
Outstanding Balance Payable	5	3	—	—	5	3



### 11. Segment information

(A) Segment information for primary segment reporting ( by business segments):

The Company has two business segments :

- (i) Property Development
- (ii) Specialty chemicals

(Rupees in 000's)

Particulars	Current Year			Previous Year		
	Property Development	Specialty Chemicals	Total	Property Development	Specialty Chemicals	Total
<b>REVENUE</b>						
From External Customers	—	41,542	41,542	—	35,125	35,125
Add : Inter-Segment Sales	—	—	—	—	—	—
<b>TOTAL REVENUE</b>	—	<b>41,542</b>	<b>41,542</b>	—	<b>35,125</b>	<b>35,125</b>
<b>SEGMENT RESULT</b>	—	<b>3,992</b>	<b>3,992</b>	—	<b>1,839</b>	<b>1,839</b>
<u>Unallocated income:</u>						
Interest and other income			9,197			10,798
<u>Unallocated expenses:</u>						
Other expenses			14,958			14,921
Interest expense			—			—
<b>PROFIT/(LOSS) BEFORE TAX</b>			<b>(1,769)</b>			<b>(2,283)</b>
Provision for current tax			(185)			(209)
<b>PROFIT/(LOSS) AFTER TAX</b>			<b>(1,954)</b>			<b>(2,492)</b>
<b>OTHER INFORMATION</b>						
Segment Assets	13,994	12,124	<b>26,118</b>	13,994	17,090	31,084
Unallocated Corporate Assets			151,536			132,304
<b>Total Assets</b>			<b>177,654</b>			<b>163,388</b>
Segment Liabilities	—	811	811	—	2,209	2,209
Unallocated Corporate Liabilities			40,449			18,612
<b>Total Liabilities</b>			<b>41,260</b>			<b>20,821</b>
Additions to Fixed Assets During Year	—	212	212	—	99	99
Depreciation	—	143	143	—	139	139
Significant non-cash expense other than depreciation:			—			—
Loss on fixed assets discarded			109			72
Irrecoverable balances Written off			224			1,080

(B) Segment information for secondary segment reporting (by geographical segments):

The Company operates only within India and hence the question of disclosure of segment information by geographical segments does not arise.

# POLYCHEM LIMITED

12 Additional information pursuant to the provisions of paragraphs 3, 4C and 4D of part II of schedule VI to the Companies Act, 1956:

**(A) SALES (NET OF EXCISE DUTY):**

Class of Goods	Unit	Quantity	Rupees (in '000s)	Previous Year	
				Quantity	Rupees (in '000s)
<b>Specialty Chemicals:</b>					
Cross Linked Polystyrene	Kgs.	163,020	21,687	82,200	9,810
LMPS	Kgs.	105,105	13,860	169,855	20,378
Delacryl-50/30	Kgs.	67,630	4,896	63,950	4,267
Others	Kgs.	8,025	1,099	6,561	670
<b>Total</b>			<b>41,542</b>		<b>35,125</b>

**(B) RAW MATERIALS CONSUMED:**

Class of Goods	Unit	Quantity	Rupees (in '000s)	Previous Year	
				Quantity	Rupees (in '000s)
<b>Specialty Chemicals:</b>					
Styrene Monomer	Kgs	310,859	17,976	343,276	20,432
Butyl Acrylate	Kgs	14,940	1,409	13,540	1,184
Others	Kgs	19,843	3,731	23,038	3,687
<b>Total</b>			<b>23,116</b>		<b>25,303</b>

**(C) QUANTITATIVE DETAILS WITH REGARD TO CLASS OF GOODS MANUFACTURED:**

Class of goods	Unit	Licensed capacity	Installed capacity	Actual production	Previous Year		
					Licensed capacity	Installed capacity	Actual production
Polyvinyl alcohol	M.T	2000	2,000	—	2000	2,000	—
Specialty Chemicals	Kgs.	NA	500,000	319,953	NA	500,000	356,712

Notes: Licensed and installed capacity are as certified by the management.

**(D) VALUE OF RAW MATERIALS CONSUMED:**

	Rupees (in '000s)		% age of Consumption	Previous Year	
				Rupees (in '000s)	% age of Consumption
Imported	307	1.33	584	2.31	
Indigenous	22,809	98.67	24,719	97.69	
<b>Total</b>	<b>23,116</b>	<b>100.00</b>	<b>25,303</b>	<b>100.00</b>	

**(E) VALUE OF STORES, SPARES AND PACKING MATERIALS CONSUMED:**

	Rupees (in '000s)		% age of Consumption	Previous Year	
				Rupees (in '000s)	% age of Consumption
Imported	—	—	—	—	
Indigenous	618	100.00	455	100.00	
<b>Total</b>	<b>618</b>	<b>100.00</b>	<b>455</b>	<b>100.00</b>	



13. Balance sheet abstract and Company's general business profile

I. Registration details

Registration no. [ ][ ] 9 6 6 3 [ ][ ]

Balance sheet date [3][1] [0][3] [2][0][0][9]

State code [1][1]

II. Capital raised during the year (amount in Rupees thousands)

Public issue

[ ][ ][ ][ ] N I L [ ][ ][ ]

Bonus issue

[ ][ ][ ][ ] N I L [ ][ ][ ]

Rights issue

[ ][ ][ ][ ] N I L [ ][ ][ ]

Private placement

[ ][ ][ ][ ] N I L [ ][ ][ ]

III. Position of mobilisation and deployment of funds (amount in Rupees thousands)

Total liabilities

[ ][ ] 1 9 6 2 9 9

Total assets

[ ][ ] 1 9 6 2 9 9

Sources of funds

Paid-up capital

(including share capital suspense and equity warrants)

[ ][ ][ ][ ] 4 0 4 0

Secured loans

[ ][ ][ ][ ] N I L [ ][ ][ ]

Application of funds

Net fixed assets

[ ][ ][ ][ ] 6 1 7 0

Investments

[ ][ ][ ][ ] 5 1 0 8 0

Miscellaneous Expenditure

[ ][ ][ ][ ] N I L [ ][ ][ ]

Reserves and surplus

[ ][ ] 1 5 0 9 9 9

Unsecured loans

[ ][ ][ ][ ] 3 3 7 3 9

Assets held for disposal

[ ][ ][ ][ ] 3 3 6 1

Net Current assets

[ ][ ] 1 0 9 5 2 2

Accumulated Losses

[ ][ ][ ][ ] 1 8 6 4 5

IV. Performance of the Company (amount in Rupees thousands)

Turnover

[ ][ ][ ][ ] 4 7 5 3 1

+ (-) Profit/ (loss) before tax

[ ][ ] ✓ ( 1 7 6 9 )

Earnings per share (Rupees)

Refer Note 9 of Schedule 16

Total expenditure

[ ][ ][ ][ ] 4 9 3 0 0

+ (-) Profit/ (loss) after tax

[ ][ ] ✓ ( 1 9 5 4 )

Dividend %

[ ][ ][ ][ ] N I L [ ][ ][ ]

V. Generic names of three principal products/ services of the Company (as per monetary terms)

Item code no. (ITC code)

[3][9][0][5][2][0][ ][ ]

Product description

P O L Y V I N Y L A L C O H O L

Item code no. (ITC code)

[ ][ ][ ][ ][ ][ ][ ]

Product description

S P E C I A L T Y C H E M I C A L S

14. Figures for the previous year have been regrouped wherever necessary to correspond with the figures of the current year.

Signatures to Schedules 1 to 16

As per our attached report of even date

For G.M.Kapadia & Co., Chartered Accountants

Rajen Ashar

Partner

Mumbai, Dated : 31st July, 2009

For and on behalf of the Board

T. R. Kilachand P.T.Kilachand V.V.Sahasrabudhe A. H. Mehta

Chairman & Managing Director Whole Time Director Director VP - Corporate Affairs & Company Secretary

Mumbai, Dated : 31st July, 2009



**POLYCHEM LIMITED**

**ATTENDANCE SLIP**

**TO BE HANDED OVER AT THE ENTRANCE OF THE MEETING HALL**

Full Name of the member attending : .....

Full Name of the first joint-holder : .....

(to be filled in if first named joint-holder does not attend the meeting)

Name of Proxy : .....

(to be filled in if Proxy Form has been duly deposited with the Company)

I hereby record my presence at the 52nd ANNUAL GENERAL MEETING of the Company held at Mumbai 400 001 at 2.30 p.m. on Wednesday, 30th September, 2009.

Client ID No. : .....

DP ID No. : .....

Registered Folio No. : .....

No. of Shares held : .....

Member's/Proxy's Signature  
(to be signed at the time of  
handing over this slip)



**POLYCHEM LIMITED**

**FORM OF PROXY**

Regd. Office: 7, Jamshedji Tata Road, Churchgate Reclamation, Mumbai - 400 020.

I/We ..... of  
..... in the district of ..... being a member/  
members of the above-named Company hereby appoint ..... of  
..... in the district of ..... or failing  
him ..... of ..... in the district of  
..... as my/our proxy to attend and vote for me/  
us on my/our behalf at the Fifty Second Annual General Meeting of the Company to be held on Wednesday, 30th  
September, 2009 and at any adjournment thereof.

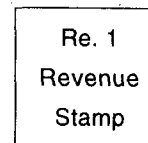
Client ID No. : .....

DP ID No. : .....

Registered Folio No. : .....

No. of Shares held : .....

Signed this ..... day of ..... 2009



(Signature of member)

BOOK-POST

*If undelivered, please return to:*

**POLYCHEM LIMITED**

7, Jamshedji Tata Road,  
Churchgate Reclamation,  
Mumbai 400 020.