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COMPANY INFORMATION

Board of Directors

Chairman

Mr. B.L. Baid

Managing Director

Mr. L.C. Baid

Independent Director

Mr. L.P. Nahata

Mr. K.K. Ghiya (upto 22.04.2010)

Mr. Vinod Sacheti (w.e.f. 29.03.2010)

Mr. Shanti Lal Daga (w.e.f. 29.03.2010)

Mr. Adarsh Singhania (w.e.f. 29.03.2010)

Executive Director

Mr. Bharat Baid

Mr. Rajiv Baid

Board Committees

Audit**Committee**

Mr. K.K. Ghiya

Mr. L.P. Nahata

Mr. B.L. Baid

Remuneration**Committee**

Mr. K.K. Ghiya

Mr. B.L. Baid

Mr. L.P. Nahata

Mr. Rajiv Baid

Shareholders'/Investors' Grievance**Committee**

Mr. B. L. Baid

Mr. K.K. Ghiya

Mr. L.C. Baid

Finance Controller & Company Secretary

Mr. Gajanand Gupta

Auditors

A.Natani & Co.

Chartered Accountants

6-7, Samod Tower

IIInd Floor Dudu Bagh

S.C. Road, JAIPUR

Bankers

Indian Overseas Bank

Bank of Baroda

ICICI Bank

Registered Office

Rotary Bhawan, Church Road,

M.I. Road, Jaipur-302 001

e-mail : petjar@bsnl.in

Registrar & Share Transfer Agents

Link Intime India Pvt. Ltd.

A-40, 2nd Floor, Naraina Industrial Area,

Phase-II, Near Batra Banquet Hall, New Delhi-28

Works

Unit I - F-11,Hirawala Industrial Area, P.O. Kanota, Jaipur-303 012

Unit II - F-97,98,99 & G-96, Hirawala Industrial Area, P.O. Kanota, Jaipur-303 012

Unit III - No.16, Pandur Village, Chengalpettu Taluk, Via Guduvenchery,
Dist. Kanchipuram, TAMILNADU.

Unit-IV - Plot No. F-954(A) RIICO Industrial Area, Chopanki, (Bhiwadi), Rajasthan

NOTICE

Notice is hereby given that the **Nineteenth Annual General Meeting** of the Members of **POLYCON INTERNATIONAL LIMITED** will be held at **Rotary Bhawan, Church Road, M.I. Road, Jaipur - 302 001**, the Registered Office of the Company, on **Saturday, the 20th day of November, 2010 at 1.00 P.M.**, to transact the following business :-

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2010, Profit and Loss Account for the year ended on that date and the Report of Board of Directors and Auditors thereon.
2. To appoint a Director in place of Shri B.L. Baid, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Bharat Baid, who retires by rotation and being eligible, offers himself for re-appointment.
4. To re-appoint M/s. A.Natani & Co., Chartered Accountants as Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their remuneration.

SPECIAL BUSINESS

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

“RESOLVED THAT in accordance with the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof, Shri Vinod Sacheti, who was appointed as an Additional Director pursuant to the provisions of Section 260 of the Companies Act, 1956 and the Articles of Association of the Company and who holds office upto the date of this Annual General Meeting, be and is hereby appointed as Director of the Company liable to retire by rotation”.

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

“RESOLVED THAT in accordance with the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof, Shri Shanti Lal Daga, who was appointed as an Additional Director pursuant to the provisions of Section 260 of the Companies Act, 1956 and the Articles of Association of the Company and who holds office upto the date of this Annual General Meeting, be and is hereby appointed as Director of the Company liable to retire by rotation”.

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

“RESOLVED THAT in accordance with the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof, Shri Adarsh Singhania, who was appointed as an Additional Director pursuant to the provisions of Section 260 of the Companies Act, 1956 and the Articles of Association of the Company and who holds office upto the date of this Annual General Meeting, be and is hereby appointed as Director of the Company liable to retire by rotation”.

Date : 11.09.2010

**Registered Office :-
Rotary Bhawan, Church Road,
M.I. Road, Jaipur -302 001**

By order of the Board

**Sd/-
CSGajanand Gupta
Finance Controller &
Company Secretary**

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. THE INSTRUMENT APPOINTING A PROXY MUST BE DEPOSITED AT THE COMPANY'S REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
3. AN EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956, RELATING TO THE SPECIAL BUSINESS TO BE TRANSACTED AT THE MEETING IS ANNEXED HERETO.
4. Members who hold shares in Dematerialized form are requested to bring their CLIENT ID & DPID Number for easy identification at the meeting.
5. Members desirous of getting any information on the accounts or operations of the company are requested to write to the Company at least seven days before the date of meeting to enable the company to furnish the required information at the meeting.
6. The Register of Members and Share Transfer Books will remain closed from 17th day of November, 2010 to 20th day of November, 2010 (both days inclusive).
7. Members are requested to lodge the transfer, transmission of shares at the registered office or to the Registrar & Transfer Agent M/s. Link Intime India Pvt. Ltd., A-40, 2nd Floor, Naraina Industrial Area, Phase-II, Near Batra Banquet Hall, New Delhi-110 028 and to inform any change in their address immediately so as to enable the Company to do future communications at their correct addresses.
8. Shareholders are requested to please bring their attendance slips together with their copies of annual report at the meeting.
9. Information on Directors seeking re-appointment at the forth coming Annual General Meeting pursuant to Clause 49 of the Listing Agreement and the information of Shri Vinod Sacheti, Shri Shanti Lal Daga and Shri Adarsh Singhania, who are being appointed as Directors are as under :-

Name of Director	Date of Birth	Date of original appointment	Expertise in specific functional areas	Qualification	Directorship in other Public Limited Companies incorporated in India	Other information	Remarks
Sh. B.L. Baid	30.09.1930	17.10.1991	Manufacturing & Taxation	B.Sc., L.L.B	Vinayak Polycon International Ltd.	Presently designated as Chairman. Related to Sh. L.C. Baid, Managing Director & Sh. B.K. Baid, Executive Director	Retires by rotation at the forthcoming Annual General Meeting & being eligible offers himself for re-appointment.
Sh. Bharat Baid	18.10.1950	01.08.1997	Manufacturing & Marketing	B.Com FCA	Vinayak Polycon International Ltd.	Presently designated as Executive Director. Related to Sh. B.L. Baid, Chairman	Retires by rotation at the forthcoming Annual General Meeting and being eligible offers himself for re-appointment
Sh. Vinod Sacheti	05.01.1966	29.03.2010	Independent Director	B.E.	--	Presently designated as Non-executive Independent Director	Formerly appointed as Additional Director and now being appointed as Director in forthcoming Annual General Meeting
Sh.Shanti Lal Daga	02.01.1944	29.03.2010	Independent Director	B.Com, L.L.B	Avani Projects and Infrastructre Ltd.	Presently designated as Non-Executive Independent Director	Formerly appointed as Additional Director and now being appointed as Director in forthcoming Annual General Meeting
Sh. Adarsh Singhania	02.09.1966	29.03.2010	Independent Director	Graduate	--	Presently designated as Non-Executive Independent Director	Formerly appointed as Additional Director and now being appointed as Director in forthcoming Annual General Meeting.

ANNEXURE TO THE NOTICE

Explanatory Statement under Section 173(2) of Companies Act, 1956 (The Act).

Item No. 5

The Board of Directors of the Company at its meeting held on 29th March, 2010 appointed Shri Vinod Sacheti as an Additional Director in a non-executive capacity in accordance with the provisions of Article 78 of the Articles of Association of the Company read with Section 260 of the Companies Act, 1956. Shri Vinod Sacheti holds office upto the date of forthcoming Annual General Meeting. A Notice has been received from a member under Section 257 of the Act proposing Shri Vinod Sacheti as a candidate for the office of Director.

Shri Vinod Sacheti is Electrical Engineer from Kota Engineering College Kota.

The Board explained that his appointment as an Independent Director will be of great benefit to the company and commends the resolution for approval by the members.

Save and except Shri Vinod Sacheti no other Director of the company is concerned or interested in the resolution.

Item No. 6

The Board of Directors of the Company at its meeting held on 29th March, 2010 appointed Shri Shanti Lal Daga as an Additional Director in a non-executive capacity in accordance with the provisions of Article 78 of the Articles of Association of the Company read with Section 260 of the Companies Act, 1956. Shri Shanti Lal Daga holds office upto the date of forthcoming Annual General Meeting. A Notice has been received from a member under Section 257 of the Act proposing Shri Shanti Lal Daga as a candidate for the office of Director.

Shri Shanti Lal Daga is Graduate in Commerce and Law from Kolkata.

The Board explained that his appointment as an Independent Director will be of great benefit to the company and commends the resolution for approval by the members.

Save and except Shri Shanti Lal Daga no other Director of the company is concerned or interested in the resolution.

Item No. 7

The Board of Directors of the Company at its meeting held on 29th March, 2010 appointed Shri Adarsh Singhania as an Additional Director in a non-executive capacity in accordance with the provisions of Article 78 of the Articles of Association of the Company read with Section 260 of the Companies Act, 1956. Shri Adarsh Singhania holds office upto the date of forthcoming Annual General Meeting. A Notice has been received from a member under Section 257 of the Act proposing Shri Adarsh Singhania as a candidate for the office of Director.

Shri Adarsh Singhania is Graduate in Commerce from Bhawanipur Education Society, Kolkata.

The Board explained that his appointment as an Independent Director will be of great benefit to the company and commends the resolution for approval by the members.

Save and except Shri Adarsh Singhania no other Director of the company is concerned or interested in the resolution.

Date : 11.09.2010

By order of the Board

**Registered Office :-
Rotary Bhawan, Church Road,
M.I. Road, Jaipur-302 001**

**Sd/-
CSGajanand Gupta
Finance Controller &
Company Secretary**

DIRECTORS' REPORT

To,
The Members,

Your Directors have pleasure in presenting the 19th Annual Report on the business and operations of your company together with Audited Accounts and Cash Flow Statement for the year ended 31st March, 2010.

REVIEW OF OPERATIONS

During the year the company recorded net sales of Rs. 3549.59 lacs against Rs. 3421.36 lacs in the previous financial year and registered an overall increase of 3.75%.

Sale of PET Containers has increased by 6.99 % in comparison to last year. Sale of water storage tanks has also increased by 6.91% compared to last year. The sale of PVC profiles has also increased by 16.99% in comparison to last year.

Financial Results :

The financial results for the year ended 31st March, 2010 are summarized below :

	Amount Rs. In lacs	
	<u>2009-2010</u>	<u>2008-2009</u>
Gross Profit before Interest and Depreciation	440.30	409.65
Less : Interest	173.50	180.31
Depreciation	<u>218.42</u>	<u>188.64</u>
Profit/(Loss) for the year	48.38	40.70
Less : Provision for Taxation	<u>15.43</u>	<u>15.53</u>
Profit/(Loss) after Taxation	32.95	25.17
Balance brought forward from Previous Year	<u>54.75</u>	<u>29.58</u>
Balance carried to the Balance Sheet	<u>87.70</u>	<u>54.75</u>

GROWTH & EXPANSION :

All the units of the company are running very well. The company continued to see considerable growth in existing and new areas of business.

DEMERGER :

The Board of Directors of the Company have approved the scheme of Demerger in its Board Meeting held on 15th July, 2010. Accordingly its Chennai Unit will be demerged into Vinayak Polycon International Ltd. (VPIL) on receipt of approval from Honourable Rajasthan High Court at Jaipur.

The process of Demerger is going on smoothly and the same shall be completed in due course in time.

DIVIDEND :

In view of marginal Profits, the Board of Directors does not recommend payment of dividend for the year under review.

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Structure & Development

During the period under review there is significant increase in the use of plastic through out the country, wooden articles are being substituted by plastic wares. This led to great increase in manufacturing of plastic wares in the country.

Your company has made remarkable contribution towards this. In this direction your company has increased its production accompanying increase in sale i.e. from Rs. 3421.36 lacs in the financial year 2008-09 to Rs. 3549.59 lacs in 2009-10.

Opportunity :

The consumption of plastic is increasing at the rapid speed as it is easy and convenient to use and can easily be recycled. It paves a path to the companies to make new development for the better positioning in the market.

Polycon International Limited continuously striving to increase its production and aims to provide better quality products to its consumers along with making strong position in domestic market.

Threats :

- Temporary decline in the economic activity
- Increase competition in the plastic industry due to new entry
- Introduction of new technologies
- Introduction of new taxes
- Any unfavourable change in Government Policies may effect the profitability of the company.
- Threat of substitutes.

As the company is engaged in only one segment of plastic items there is no need to elaborate segment wise performance.

Outlook

Your company is constantly striving to provide quality products and is looking forward to use improvised technology and innovative methods to increase its sales. Your company's endeavour to provide high quality products aiming to grant full value of money to the customer, are expected to place.

From the last few years company has taken a number of initiatives to re-structure and re-engineer the operations to enable the company to compete better in the profound competitive regime.

Risks and Concerns :

As the competition is increasing day-by-day in each and every fields throughout the country. Similarly there is severe competition in plastic industries too. The company is facing various risks and obstacles which includes inflation risk, credit risk, interest rate risk, non-availability of raw-material, high prices etc.

In order to overcome such situations company is fully aware towards the preparation of appropriate programmes, adoption of suitable policies and to take corrective and precautionary measures for safeguarding the company's market position and further to strengthening it.

Adequacy of Internal Control System

The Company has a comprehensive system of internal controls to safeguard the company's assets against loss from unauthorized use and ensure proper authorization of financial transactions.

The company has an exhaustive budgetary control system to monitor all expenditures against approved budget on an ongoing basis.

The Company has an internal audit function, which is empowered to examine the adequacy and compliance with policies, plans and statutory requirement.

The management duly considers and take appropriate actions on the recommendation made by Audit Committee of the Board of Directors.

Discussion of financial Performance:

The Company's net turnover for the year ended March 31, 2010 increased to Rs. 3549.59 lacs against Rs. 3421.36 lacs during last year. The increase in turnover was mainly due to increase in sales volume.

The Profit before interest, depreciation and tax has increased to Rs. 440.30 lacs as against Rs. 409.65 lacs during the previous year. However, profit after tax has increased to Rs. 32.95 lacs as compared to Rs. 25.16 lacs in previous year.

Your Company engaged in the manufacturing of plastic containers since 1991 and the income also derived from the sale of these products. The continuous growth in the sale of company's products boost the profitability and better net back.

Human Resources Development/Training

Human Resources are the important asset of any enterprise. Success of any enterprise mainly depends on its human power. In this regard, your company has made best efforts to employ good professionals, staff members, laborers etc.

Polycon International Limited is keen to retain best of the human resources by effective training and development programmes, by providing reasonable wages and salary by creating good working environment etc. Company's human resources are mobilized in order to strengthen the company internally to face future challenges. Your company is providing a "**state of art**" working environment to the employees with a view to optimize their performance.

Employment Profile & Industrial Relations :

As on 31st March, 2010, the Company employed a total of 185 employees of which 32 were Officers and 153 belongs to non-executive cadre.

POLYCON International Ltd. believes in building teams across the business and functions with the aim to share knowledge and experience. Cross functional teams work with clear objectives to solve the issues and create value for the company. The company fosters open dialogue among the employees with the brief that the people, who communicate continuously and openly, build trust and mutual respect.

CAUTIONARY STATEMENT

Statement in this management discussion and analysis describing the Company's objectives, projections, estimate, and expectations may be forward looking statement within the meaning of applicable laws and regulations.

Actual results would differ substantially or materially from those expressed or implied. Important factors that could affect the company's operations include domestic and international economic conditions in the industry, significant changes in political and economic environment in India, changes in government regulations, tax regimes, litigation, labour relation and other statutes.

CAPITAL STRUCTURE

The authorised share capital of the Company is Rs. 750 Lacs divided in 75 lacs Equity Shares of Rs. 10 each.

DEPOSITORY SYSTEM

The ISIN No. allotted to the Company is INE262C01014. The Company has also established the required connectivity with both the NSDL & CDSL through its registrar and share transfer agent Link In-time India Pvt. Ltd., Delhi for both physical and demate segments.

The equity shares of the Company can be held in electronic form with any depository participant (DP) with whom the Members/Investors have their depository account.

DIRECTORS

In terms of provisions of Sec. 255, 256 of the Companies Act, 1956 and the articles of association of the company Shri B.L. Baid & Shri Bharat Baid, Directors of the Company are liable to retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. The Board recommends their re-appointment.

Shri Vinod Sacheti, Shri Shanti Lal Daga and Shri Adarsh Singhania, who were appointed as additional director vacate the office at the forthcoming Annual General Meeting. Necessary notice from certain members under section 257 of the Companies Act, 1956 signifying their intention to propose their appointment as director of the company has been received. Shri K.K. Ghiya, Independent Director of the Company has resigned from directorship of the Company w.e.f. 22.04.2010 due to his pre-occupation.

None of the Directors of the Company are disqualified for being appointed as Directors as specified in Sec. 274(1) (g) of the Companies Act, 1956.

A brief resume of expertise and details of other directorships of these directors is attached along with Notice of the ensuing Annual General Meeting.

PUBLIC DEPOSITS:

Your Company has not accepted any Public Deposits.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to requirement under section 217 (2AA) of the Companies Act, 1956 and in respect of the annual accounts for the period under review your Directors hereby confirm that :-

- i) In the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures.
- ii) The Board of directors have selected and applied appropriate accounting policies consistently and made judgement and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and the Profit & Loss Account for the period under review.
- iii) Proper and sufficient care 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.
- iv) The annual accounts have been prepared on "going concern basis".

AUDITORS :-

M/s. A. Natani & Co., Chartered Accountants, retire at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment. The Company has received the Certificate from them that their re-appointment, if made, would be within the limits prescribed u/s 224(1B) of the Companies Act, 1956.

COMPLIANCE OFFICER :

Mr. Gajanand Gupta, Secretary to the Company, is looking after all compliances under various laws and can be contacted for any investor related matter relating to the company. His contact No. : 0141-2363048/2363049 and e-mail ID is petjar@bsnl.in

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE**A. CONSERVATION OF ENERGY :-**

Your company is committed to follow high standards of environmental protection and provisions of a safe and healthy work place for workers, customers and other stakeholders.

The manufacturing units of the Company are well planned and adequately equipped for ensuring optimum energy utilization. These measures also result in cost reduction.

B. TECHNOLOGY ABSORPTION :-

As we know technology plays a vital role in any organization. Your company believes that only by using latest technology, the production and productivity can improve. The technology that is being used by your company is eco-friendly that conserve the environment. All the units of the company are well furnished with suitable equipments and self sufficient in the matter of manufacturing process. We proactively and continuously invest in developing technology which adds value to our business. The technology is being modernized and improved along with production itself without incurring additional cost or expenses on research.

C. FOREIGN EXCHANGE EARNINGS & OUTGO :-

Foreign Exchange Earnings

Export Sale : Rs. NIL

OUT GO

Expenses on foreign travels : Rs. 1.30 lacs

Expenses on import on CIF basis for

- Capital Goods : Rs. NIL

- Raw Material : Rs. NIL

- Stores & Spares : Rs. NIL

PARTICULARS OF EMPLOYEES :-

Information in accordance with the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended, regarding Employees : NIL

CORPORATE GOVERNANCE

POLYCON International Ltd. looks upon good Corporate Governance practices as a key driver of sustainable corporate growth and long term shareholder value creation. Corporate Governance deals with compliances with various laws, provision, requirement etc. and aims at enhancing value for all the stakeholders.

The company believes in ethical business conduct, integrity and commitment to value which enhance and retain stake holder's trust.

ACKNOWLEDGEMENT

The Directors would like to express their appreciation for the assistance and co-operation received from Rajasthan Financial Corporation, Indian Overseas Bank and various departments of State and Central Government and Trade Associations.

The Company maintained healthy, cordial and harmonious industrial relations at all level. Despite competition, the enthusiasm and unstinting efforts of the employees, have enabled the Company to remain at fore-front of the Industry

Your Company continued to receive co-operation & unstinted support from the distributors, retailers, stockists, suppliers and others associated with the company as its trading partners. The Directors wish to place on record their appreciation for the same and your company will continue in endeavour to build and nurture strong links with trade, based on mutuality, respect and cooperation with each other and consistent with consumer interests.

For and on behalf of the Board

**Place : Jaipur
Date : 11.09.2010**

**Sd/-
B.L. BAID
CHAIRMAN**

REPORT ON CORPORATE GOVERNANCE FOR THE YEAR 2009-10

(As required under Clause 49 of the Listing Agreements entered into with the Stock Exchange)

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company's philosophy on corporate governance is to observe the highest level of ethics in all its dealings, to ensure efficient conduct of the company and to help the company to achieve its goals in maximizing value for all stake holders.

Polycon's Corporate Governance initiated is based on two core principles:

- 1) Management must have the executive freedom to drive the organization forward without undue restraints and,
- 2) This freedom of management, however, should be exercised within a framework of effective accountability and transparency.

2. BOARD OF DIRECTORS

In terms of the Company's Corporate Governance policy, all statutory and other significant and material information are placed before the Board to enable it to discharge its responsibilities of strategic supervision of the company and as trustees of stakeholders.

(a) Composition of Board :-

The Board of Directors of the Company ("The Board") is entrusted with authority and responsibility to manage the affairs of the company. The Board is entrusted with the task of managing the company directly or through delegation of authority as may be found appropriate and reasonable to the Board. The present Board consists of eminent persons with considerable professional expertise and experience in business and industry, finance, management, legal, marketing and strategy etc.

The Company has a balanced mix of Executive and non-executive directors. As at March, 31st, 2010 the Board has Nine directors out of which 6 members are non-executive directors. Out of 6 non-executive directors, 5 are independent directors. The Chairman of the Board is non-executive director.

The composition of board of Directors is as follows: -

Name of Directors	Category	No. of other Directorship in Public Limited Companies	No. of Committee Membership/ Chairmanship	
			Chairman	Member
Sh. B.L. Baid	Non-Executive Chairman	1	1	2
Sh. L.C. Baid	Promoter & Managing Director	-	-	1
Sh. Bharat Baid	Promoter & Executive Director	1	-	-
Sh. Rajiv Baid	Promoter & Executive Director	-	-	1
Sh. K. K. Ghiya	Non-Executive Independent Director	-	2	1
Sh. L.P. Nahata	Non-Executive Independent Director	-	-	2
Sh. Vinod Sacheti *	Non-Executive Independent Director	-	-	-
Sh. Shanti Lal Daga *	Non-Executive Independent Director	1	-	-
Sh. Adarsh Singhania*	Non-Executive Independent Director	-	-	-

* **Shri Vinod Sacheti, Shri Shanti Lal Daga & Shri Adarsh Singhania are appointed as Independent Additional Directors on 29.03.2010.**

Independent Director as defined in clause 49 of the Listing Agreement, is one, who apart from receiving Director's remuneration does not have any other material pecuniary relationship or transactions with the company, its promoters, management or its subsidiaries, which in judgement of the Board may affect independence of judgement of the director and has not been an executive of the company in the immediately preceding three financial years. The Non-executive Directors have no material pecuniary relationship or transactions in their personal capacity with the company.

(b) Board Meeting

The dates of Board meetings is decided in consultation with the Board of Directors and the Schedule of meetings is communicated to all directors in advance to enable them to schedule their effective participation during board meetings.

During the financial year 2009-10 Six Meetings of Board of Directors were held on 17th April, 2009, 30th June, 2009, 31st July, 2009, 31st October, 2009, 30th January, 2010 & 29th March 2010. The attendance of the Directors in these meeting were as follows :-

Name of Directors	Board Meeting		Whether Attended AGM held on 30 th September, 2009
	Held	Attended	
Sh. B.L. Baid	6	6	YES
Sh. L.C. Baid	6	6	YES
Sh. B.K. Baid	6	5	YES
Sh. Rajiv Baid	6	6	YES
Sh. K.K. Ghiya	6	5	YES
Sh. L.P. Nahata	6	4	NO
Sh. Vinod Sacheti (w.e.f. 29.03.10)	1*	0	NO
Sh. Shanti Lal Daga (w.e.f. 29.03.10)	1*	0	NO
Sh. Adarsh Singhania (w.e.f. 29.03.10)	1*	0	NO

* Indicates the number of meetings held only during the period of their directorship.

(c) Information supplied to the Board among others -

The Board is presented with all relevant information that is materially significant. *Inter alia*, the following information is regularly provided to the Board as a part of the agenda papers well in advance of Board Meeting and is tabled in the course of Board Meeting :-

1. Review of annual operating plans of business, capital budget, updates.
2. Quarterly results of the company.
3. Any issue which involves possible public or product liability claims of a substantial nature.
4. Significant development in the human resources and industrial relations fronts.
5. Sale of material nature of investments, assets, which is not in the normal course of business.
6. Non-compliance of any regulatory or statutory provision or listing requirements as well as shareholders services, such as delay in share transfer and other grievances.

The Board has established procedures to enable the Board to periodically review compliance reports of all laws applicable to the company prepared by the company as well as steps taken by the company to rectify instances of non-compliances.

3. **AUDIT COMMITTEE**

a) Composition

As on 31st March, 2010, the Audit Committee comprises three directors, all being non-executive Directors.

(1) Shri K.K. Ghiya (2) Shri L.P. Nahata (3) Shri B.L. Baid

The Committee is chaired by Shri K.K. Ghiya, an independent director. The Secretary of the Company is acting as Secretary to the Audit Committee also.

b) Functions of the Audit Committee

- (1) Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that financial statements are correct, sufficient and credible.
- (2) Reviewing the efficiency of the internal control mechanism and monitors the risk management policies adopted by the Company.
- (3) Reviewing the report furnished by the internal and statutory auditors and ensures that suitable follow up actions are taken.
- (4) Examining accounting, taxation and disclosure aspects of all significant transactions.
- (5) Discussing with internal auditors regarding any significant finding and follow-up on such issues.
- (6) Reviewing the findings of any internal auditors in matters where there is suspected fraud or irregularity, or a failure of internal control system of a material nature, and then reporting such matters to the Board.
- (7) Discussing with external auditors before the audit commences on the nature and scope of audit as well as having post-audit discussion to ascertain any area of concern.
- (8) To approve unaudited quarterly financial results and publish the same as required in the Listing Agreement.
- (9) Reviewing company's financial risk and management policies.

c) Meetings & Attendance

The following Five Meetings held during the year 2009-10

- (1) 17th April, 2009 (2) 30th June, 2009 (3) 31st July, 2009 (4) 31st October, 2009
(5) 31st January, 2010.

The attendance of each member of the Committee is given below :-

Name	Category	Held	Attended
Shri K. K. Ghiya	Non-Executive Independent Director	5	5
Shri L.P. Nahata	Non-Executive Independent Director	5	3
Shri B.L. Baid	Non-Executive Director	5	4

4. REMUNERATION COMMITTEE

The Remuneration Committee of the Company decides the Remuneration of the directors, Senior Management Members and relative of Directors.

There are three directors in the Remuneration Committee :-

1. Shri K. K. Ghiya : Chairman
2. Shri B.L. Baid : Member
3. Shri L.P. Nahata : Member

Shri K.K. Ghiya is the Chairman of the Committee. The Secretary of the company is acting as the Secretary of the Committee.

Remuneration paid to Directors :-

(a) Remuneration paid to non-executive Directors :

Name of Non-Executive Director	Sitting Fee (Rs)
Sh. B.L. Baid	2500
Sh. K.K. Ghiya	2000
Sh. L.P. Nahata	1500

(b) Remuneration paid to Managing Director & Executive Directors

Name of Executive Director	Salary * (Rs)	Contribution to P/F (Rs)	Total (Rs)
Sh. L.C. Baid	789600	72000	861600
Sh. B.K. Baid	789600	72000	861600
Sh. Rajiv Baid	789600	72000	861600

*Includes bonus, allowances & perquisites.

NOTES

- (1) No commission has been paid to any Directors.
- (2) The service contract with Managing/Whole time Directors are normally for a period of five years. The contract may be terminated by either party giving the other party three months notice or the company paying 3 months salary in lieu thereof.

Severance Fees : NIL

(3) Presently, the company does not have any stock option scheme.

(5) SHARE TRANSFER AND SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE

The Share Transfer & Investors Grievances Committee looks after the redressal of Investors Grievances pertaining to share transfer, transfer/transmission of shares, non-receipt of annual report, issue of duplicate share certificate, dematerialization and re-materialization of the securities etc.

The Investor Grievance Committee comprises of four directors under the Chairmanship of Shri B.L. Baid, a Non-executive director. The other members are Shri Kamal Kishore Ghiya, Shri Lal Chand Baid and Shri Rajiv Baid. Shri Gajanand Gupta, the Secretary to the Company and also the Compliance Officer for the stock exchange requirements, acts as the Secretary to this committee.

The committee had 3 meetings. The attendance of each member is given below :-

Name of Directors	Nature of Directorship	No. of Meetings Attended
Sh. B.L. Baid - Chairman	Promoter & Non-executive Director	3
Sh. L.C. Baid	Promoter & Managing Director	3
Sh. Rajiv Baid	Promoter & Executive Director	3
Sh. K. K. Ghiya	Non-executive Independent Director	1

No. of Shareholder's complaints received during the year 2009-10 - NIL
 No. of complaints resolved to the satisfaction of shareholders by 31.03.2010 - N.A
 No. of pending complaints as on 31.03.2010 - NIL

(6) GENERAL BODY MEETING

(i) Details of location of last three Annual General Meetings of the company are given below :-

Nature of the Meeting	Date	Venue	If special Resolution passed
Annual General Meeting	30.09.2009	Rotary Bhawan Church Road M.I. Road, Jaipur-1	No
Annual General Meeting	27.09.2008	Rotary Bhawan, Church Road, M.I. Road, Jaipur-1	Yes
Annual General Meeting	29.09.2007	Rotary Bhawan, Church Road, M.I. Road, Jaipur-1	No

(ii) No postal Ballot was put through during the last three years and as of now there is no proposal pending for passing any resolution through Postal Ballot at the ensuing Annual General Meeting.

(iii) No Extra Ordinary General Meeting was held during the financial year.

(7) DISCLOSURES :

(a) Related party transactions :

Details of transactions of a material nature with any of the related parties as specified in Accounting Standard-18 issued by the Institute of Chartered Accountants of India have been reported in the Notes to the accounts. There is no transaction of a material nature with any of the related party, which is in conflict with the interest of the company.

(b) The Board of Directors of the Company have approved the scheme of Demerger in its Board Meeting held on 15th July, 2010. Accordingly, its Chennai Unit will be demerged in Vinayak Polycon International Ltd. (VPIL) on receipt of Approval from Honourable Rajasthan High Court at Jaipur. The process of demerger is going on smoothly and the same shall be completed in due course in time.

The Company has received approval from Bombay Stock Exchange to file the scheme of Demerger with the Honourable Rajasthan High Court, Jaipur. Also, the Company has received Marchant Bankers' Fairness Report regarding Swap Ratio.

(c) Details of Non-compliance

Your company has complied with all the requirements with stock exchanges including guidelines and regulations of SEBI. No penalties or strictures have been imposed on the company by stock exchange or SEBI or any statutory authority on any matter related to capital market during the last three years.

(d) Secretarial Audit

A qualified practicing Company Secretary carried out the secretarial audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) & Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The audit confirms that the total issued/paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL & CDSL.

(8) **MEANS OF COMMUNICATION :**

Subject	Details
a) Half Yearly Report send to each household of shareholders	Since company's unaudited quarterly results including half yearly results are published in news papers, the same were not sent to each household of shareholders
b) Quarterly Results - Which Published normally in News Papers viz.	Daily News (Hindi) Statesmen (English)
c) Any Web Site, where displayed	The financial results of the company are placed on the Web Site of the Bombay Stock Exchange Ltd. and www.bseindia.com
d) Whether it also displays official News Release & presentations made to Institutional Investors/Analysis	No such occasion arose during the year
e) Whether MD&A is a part of Annual Report.	Yes, incorporated in the Directors Report

9. GENERAL SHAREHOLDERS INFORMATION:

Annual General Meeting

Date & Time	20 th November, 2010 at 1:00 p.m
Venue	Polycon International Ltd., Rotary Bhawan, Church Road, M.I. Road, Jaipur-302 001.

Financial Calendar (tentative) for Financial Year 2010-11

Details	On or Before
(a) 1 st Quarterly Result	31.07.2010
(b) 2 nd Quarterly Result & Half Yearly Result	31.10.2010
(c) 3 rd Quarterly Result	31.01.2011
(d) 4 th Quarterly Result & Yearly Audited Result	30.06.2011

Date of Book Closure : 17th November, 2010 to 20th November, 2010 (Both days inclusive)

Dividend : In view of marginal profit during the year under review, the Board of Directors decided not to recommend any dividend on equity shares of the company.

Listing on stock : The Bombay Stock Exchange Ltd.
Exchange Floor 25, Phiroze Jeejeebhoy Towers
Dalal Street, Fort Mumbai-400 001

NOTE : The Company has paid listing fees, as applicable for the financial year 2010-11 to the concerned Stock Exchange.

Stock Code : Bombay Stock Exchange Ltd. : 531397

ISIN No. of the Company's Equity Shares : INE262C01014

DEMERGER :

The Board of Directors of the Company have approved the scheme of Demerger in its Board Meeting held on 15th July, 2010. Accordingly its Chennai Unit will be demerged into Vinayak Polycon International Ltd on receipt of Approval from Honourable Rajasthan High Court at Jaipur. The process of demerger is going on smoothly and the same shall be completed in due course in time.

Stock Price Data

The Company's shares are listed on Bombay Stock Exchange Ltd. The monthly high & low quotations of shares traded during the year 2009-10 are as under :-

Month	High	Low
April, 2009	7.54	6.51
May, 2009	7.72	6.99
June, 2009	8.49	6.50
July, 2009	7.35	6.34
August, 2009	6.62	6.01
September, 2009	7.45	6.43
October, 2009	8.29	7.03
November, 2009	14.50	8.55
December, 2009	13.68	10.62
January, 2010	12.65	9.25
February, 2010	12.14	9.30
March, 2010	11.76	9.14

*As per website of the Stock Exchange Mumbai i.e. www.bseindia.com

The Registrar and Share Transfer Agent of the Company

M/s. Link Intime India Pvt. Ltd.
A-40, 2nd Floor, Naraina Industrial Area,
Phase-II, Near Batra Banquet Hall
NEW DELHI-110 028

Share Transfer System

All the transfer received are processed and approved by the Share Transfer Committee.

Distribution of shareholding & shareholding pattern as on 31st March, 2010 :

Range - No. of Shares	No. of shareholders	No. of shares	Percentage to total
Upto 250	151	16077	0.33
251 - 500	347	133377	2.73
501 - 1000	113	102079	2.09
1001 - 2000	106	166959	3.41
2001 - 3000	25	64859	1.33
3001 - 4000	4	13689	0.28
4001 - 5000	5	24515	0.50
5001 -10000	12	86059	1.76
10001 & above	28	4281486	87.57
TOTAL	791	4889100	100.00

Shareholding Pattern as on 31.03.2010

Category Code	Category of Shareholder	Total number of Share	Total Shareholding as a percentage of total number of Shares
			As a percentage of (A+B+C)
(A)	Shareholding of promoter and promoter group		
(1)	Indian		
(a)	Individuals/Hindu Undivided Family	1862770	38.10
(b)	Central Government/State Government(s)	0	0
(c)	Bodies Corporate	572500	11.71
(d)	Financial Institutions/Bank(s)	0	0
(e)	Others (Specify)	0	0
	Sub-Total(A)(1)	2435270	49.81
(2)	Foreign		
(a)	Individuals(NRIs/Foreign Individuals)	0	0
(b)	Bodies Corporate	0	0
(c)	Institutions	0	0
(d)	Others (Specify)	0	0
	Sub-Total(A)(2)	0	0
	Total Shareholding of promoter and promoter group (A)=(A)(1)+(A)(2)	2435270	49.81
(B)	Public Shareholding		
(1)	Institutions	0	0
	Sub-Total(B)(1)	0	0
(2)	Non-Institutions		
(a)	Bodies Corporate	1682332	34.41
(b)	Individual -		
(i)	Individual Shareholders holding nominal Share Capital up to Rs. 1 lakh	548660	11.22
(ii)	Individual Shareholders holding nominal Share Capital exceeding of Rs. 1 lakh	197308	4.04
(c)	Others (Specify)		
(1)	Non Resident Indians	2000	0.04
(2)	Clearing Members	0	0
(3)	Hindu Undivided Families	23530	0.48
	Sub-Total(B)(2)	2453830	50.19
	Total Public Shareholding (B)={(B)(1)+(B)(2)}	2453830	50.19
	Total (A)+(B)	4889100	100.00
(C)	Shares held by Custodians and against which Depository Receipts have been issued	0	0
	GRAND TOTAL (A)+(B)+(C)	4889100	100.00

Dematerialisation of equity shares and liquidity

The Company's shares are currently traded only in dematerialized form at Bombay Stock Exchange Ltd.. To facilitate trading in dematerialised form the company has tied up arrangements with both the present depositories, National Securities Depository Ltd. (NSDL) & Central Depository Services (India) Ltd.(CDSL). Shareholders can open account with any of the depository participants registered with any of these depositories. As on 31st March, 2010 about 49.20% of the company's shares were held in dematerialised form.

None of the company's shares are lock in period for any purpose.

Plant Locations (Manufacturing Units)

Address	Item produced
<u>UNIT – I</u> F-11, Hirawala Industrial Area Kanota, Jaipur - 303 012	- Water Storage Tanks
<u>UNIT-II</u> F-97,98,99 & G-96 Hirawala Industrial Area Kanota, Jaipur - 303 012	- PET Containers like Bottles & Jars - PVC Profiles
<u>UNIT-III</u> No.16, Pandur Village Chengalpettu Taluk Near Guduvanchery Dist. Kanchipuram Tamilnadu	- PET Containers like Bottles & Jars - Lids etc.
<u>UNIT-IV</u> Plot No. F-954(A), RIICO Industrial Area Chopanki Bhiwadi, Rajasthan.	- PET Containers like Bottles & Jars

Address for Correspondence : M/s. Polycon International Limited
Rotary Bhawan, Church Road
M.I. Road, Jaipur-302 001
RAJASTHAN
Tel. : 91-141-2363048/2363049
Fax : 91-141-2377046
e-mail : petjar@bsnl.in

(10) NON-MANDATORY REQUIREMENTS :

The Company at present has not adopted the non-mandatory requirements in regard to sending half yearly financial results to the shareholders at the residence.

A. NATANI & CO.
CHARTERED ACCOUNTANTS
JAIPUR

AUDITORS' CERTIFICATE

To,

THE MEMBERS OF POLYCON INTERNATIONAL LIMITED

1. We have examined the compliance of conditions of Corporate Governance by Polycon International Limited, ("the Company") for the year ended on 31st March, 2010 as stipulated in Clause-49 of the Listing Agreement of the said company with Stock Exchange(s) .
2. The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.
4. As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Shareholders/Investors Grievance Committee.
5. We, further state that, such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with the management has conducted the affairs of the Company.

FOR A.NATANI & CO.
Firm Reg. No. 007347C
Chartered Accountants

Place : JAIPUR
Date : 11.09.2010

Sd/-
CA ASHOK KUMAR NATANI
PARTNER
M.No. 74692

A. NATANI & CO.
CHARTERED ACCOUNTANTS
JAIPUR

AUDITORS' REPORT

To,
THE MEMBERS OF POLYCON INTERNATIONAL LIMITED,

We have audited the attached Balance Sheet of **POLYCON International Ltd.** ("the Company") as at 31st March 2010, the Profit & Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto which we have signed under reference to this report. 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.

1. 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 misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditor's Report) Order, 2003 (as amended), issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraph 4 & 5 of the said order.
3. 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 such books;
 - iii) The Balance Sheet, the 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, the Profit & Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956;

A. NATANI & CO.
CHARTERED ACCOUNTANTS
JAIPUR

- v) On the basis of written representations received from the Directors, as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010 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 significant Accounting Policies, and notes thereon, give the information required by the Companies Act, 1956 in the manner so required and 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, 2010.
- b) In the case of the Profit & Loss Account, of the Profit for the year ended on that date; and
- c) In the case of Cash Flow statement of the Cash Flow for the year ended on that date.

Place : JAIPUR
Date : 11.09.2010

For CA A.NATANI & CO.,
Firm Reg. No. 007347C
CHARTERED ACCOUNTANTS,

Sd/-
CA ASHOK KUMAR NATANI
PARTNER
M. No. 74692

A NATANI & CO.
CHARTERED ACCOUNTANTS
JAIPUR

ANNEXURE TO THE AUDITORS' REPORT

The Annexure referred to in Paragraph 3 of our report to the members of Polycon International Ltd. (the company) for the year ended on 31st March,2010. We report that :-

- (i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The company has a phased program of physical verification of its fixed assets which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. In accordance with such program, the management has physically verified fixed assets during the year and no material discrepancies were noticed on such verification.
- (c) During the year, the company has not disposed off substantial part of the fixed assets and therefore, do not affect the going concern status of the company.
- (ii) (a) The Inventory has been physically verified during the year by the management. In our opinion the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii)(a) As informed, the Company has not granted any loans, secured or unsecured to companies, Firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Therefore the provisions of Clauses 4(iii)(a) to (d) of the Companies (Auditors' Report) order, 2003 (as amended) are not applicable.
- (b) The Company has taken loan from one company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 212.86 lacs and the year end balance of loan taken from such party was Rs. 212.86 lacs.
- (c) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loan are not prima facie prejudicial to the interest of the company.
- (d) The loan taken is repayable on demand. As informed, the lender has not demanded repayment of any such loan during the year and thus, there has been no default on the part of the company. The payment of interest has been regular.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in such internal control system.

A. NATANI & CO.
CHARTERED ACCOUNTANTS
JAIPUR

- (v)(a) According to the information and explanations given to us, the company has not entered into any contract or arrangement with other parties, which needs to be entered in the register maintained under section 301 of the Companies Act, 1956.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the companies act, 1956 and exceeding Rupees Five Lakhs in respect of such party during the year have been made at prices, which are reasonable having regards to prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public.
- (vii) In our opinion, the company has an internal audit system commensurate with the size and the nature of its business.
- (viii) According to the information and explanations given to us, there is no requirement to maintain cost records U/S 209(1)(d) of the Companies Act, 1956.
- (ix)(a) According to the information and explanations given to us, the company has been generally regular in depositing undisputed statutory dues including Provident Fund, investor education protection fund, employees state insurance, income tax, sales tax, wealth tax, custom duty, excise duty, cess and any other statutory dues with the appropriate authorities during the year except for sales tax where there have been delays.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax. Sales tax, custom duty, excise duty cess & other material statutory dues were in arrear, as at 31.03.2010 for a period of more than six months from the date they became payable.
- (c) According to the information and explanation given to us, details of dues of sales tax, wealth tax, service tax, customs duty, excise duty, income tax and Cess which have not been deposited as on 31st March, 2010 on account of any dispute are given below :-

Particulars	Period to which the amount relates	Forum where matter is pending	Amount(Rs)
Sales Tax	2000-2001	Deputy Commissioner	97,422.00
Excise Duty	31.10.2001 to 31.01.2005	Tribunal	86,547.00
	2007-2008	Tribunal	11,833.00

- (x) The company does not have any accumulated loss at the end of the financial year. The company has not incurred cash losses in the financial year and in the financial year immediately preceding such financial year.

A. NATANI & CO.
CHARTERED ACCOUNTANTS
JAIPUR

- (xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to financial institution/bank.
- (xii) The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities therefore, maintaining of records are not applicable.
- (xiii) In our opinion, the company is not a chit fund/nidhi/mutual benefit fund/society. Therefore, the provisions of Clause-4 (Xiii) of order are not applicable.
- (xiv) In our opinion and according to the information and explanations given to us, the company does not deal or trade in shares, securities, debentures and other investments. All long term Investments have been held by the company in its own name.
- (xv) According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) Based on the information and explanations given to us by the management, the term loans availed by the company during the year have been applied for the purposes for which they were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no fund raised on short-term basis have used for long-term investment. No long term funds have been used to finance short-term assets except permanent working capital.
- (xviii) 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.
- (xix) According to the information and explanations given to us during the period covered by our report, the company has not issued any debentures. Accordingly, the provisions of clause 4(xix) of the companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xx) The company has not raised any money by public issue during the year. Accordingly, the provisions of clause 4(xx) of the companies (Auditor's report) Order, 2003 are not applicable to the company.
- (xxi) During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management.

For A.NATANI & CO.
Firm Reg. No. 007347C
Chartered Accountants

Place : JAIPUR
Date : 11.09.2010

Sd/-
CA ASHOK KUMAR NATANI
PARTNER
M.NO. 74692

POLYCON INTERNATIONAL LIMITED

**Balance Sheet
As at 31st March, 2010**

SCHEDULE		As at 31st March, 2010		As at 31st March, 2009
		Rs.		Rs.
I SOURCES OF FUNDS				
1 Shareholders' Funds				
a) Share Capital	1		54354600	54354600
b) Reserves & Surplus	2		33124156	29829355
2 Loan Funds				
Secured Loans	3		174257565	175215620
Unsecured Loans	4		30886282	9057390
3 Deferred Tax Liability			<u>5513546</u>	<u>5430166</u>
			<u>298136149</u>	<u>273887131</u>
II APPLICATION OF FUNDS				
1 Fixed Assets				
a) Gross Block	5	374615568	342687216	
b) Less: Depreciation		<u>231823304</u>	<u>210341194</u>	
c) Net Block		<u>142792264</u>	<u>132346022</u>	132346022
d) Capital Work in Progress			648261	0
2 Investments	6		2104310	2104310
3 Current Assets, Loans & Advances				
a) Inventories	7	36901827	37500329	
b) Sundry Debtors	8	112521486	88554373	
c) Cash & Bank Balances	9	8487901	1968666	
d) Loans & Advances	10	<u>25174161</u>	<u>31707214</u>	
		183085375	159730582	
4 Less : Current Liabilities & Provisions				
a) Liabilities	11	26324326	17085280	
b) Provisions	12	<u>4622113</u>	<u>4048033</u>	
		<u>30946439</u>	<u>21133313</u>	
Net Current Assets			152138936	138597269
5 Miscellaneous Expenditure (to the extent not written off or adjusted)				
Deferred revenue exp.			<u>452378</u>	<u>839530</u>
Total			<u>298136149</u>	<u>273887131</u>
Notes on Accounts	20			

The Schedules referred to above form an integral part of the Balance Sheet.

Sd/-	Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
B.L.BAID	CA L.C. BAID	CA BHARAT BAID	RAJIV BAID	CS GAJANAND GUPTA	In terms of our report of even date attached
Chairman	Managing Director	Executive Director	Executive Director	Finance Controller & Company Secretary	for A.NATANI & COMPANY Firm Reg. No. 007347C Chartered Accountants

POLYCON INTERNATIONAL LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED MARCH 31, 2010

SCHEDULE	For the year ended 31.03.10 (Rs)	For the year ended 31.03.09 (Rs)
1 INCOME		
Gross Sales	409065557	405800823
Less : Excise Duty & Sales Tax	<u>54106497</u>	<u>63664399</u>
Sales (Net) 13	354959060	342136424
Other Income 14	482154	1086200
Increase(Decrease)in stockof finished goods 15	<u>(1439697)</u>	<u>(3283057)</u>
	<u>354001517</u>	<u>339939567</u>
2 EXPENDITURE		
Material Consumed 16	240991541	226958402
Manufacturing Expenses 17	44180083	46713186
Selling,Administrative & Other exp. 18	24799616	25303391
Interest 19	17349565	18031085
Depreciation 5	<u>21842531</u>	<u>18863728</u>
	<u>349163336</u>	<u>335869792</u>
3 PROFIT		
Profit/(Loss) before Taxation	4838181	4069775
Less : Provision for taxation		
Current Year (TAXATION)	1460000	1110000
Fringe Benefit Tax	0	216000
Deferred Tax(Assets)/Liabilities	<u>83380</u>	<u>227279</u>
Profit/(Loss) after Taxation	3294801	2516496
Add : Balance brought forward from previous year	<u>5474755</u>	<u>2958259</u>
4 BALANCE CARRIED TO BALANCE SHEET	8769556	5474755
Notes on Accounts 20		
Basic & Diluted earnings per share (refer Note 13 of Schedule-20)	0.67	0.51

The Schedules referred to above form an integral part of the Profit & Loss Account.

Sd/-	Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
B.L.BAID Chairman	CA L.C. BAID Managing Director	CA BHARAT BAID Executive Director	RAJIV BAID Executive Director	CS GAJANAND GUPTA Finance Controller & Company Secretary	In terms of our report of even date attached for A.NATANI & COMPANY Firm Reg. No. 007347C Chartered Accountants

Place : Jaipur
Date : 11.09.2010

Sd/-
CA ASHOK KUMAR NATANI
PARTNER
M.NO. 74692

POLYCON INTERNATIONAL LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2010

	Current Year (Rs. in Lacs)	Previous year (Rs. in Lacs)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and extraordinary items	48.38	40.70
Adjustment for :		
Depreciation	218.43	188.64
Preliminary/Deferred Expenses Written off	3.87	3.87
Profit/Loss on sale of Investment/Assets	(0.65)	(0.02)
Foreign Exchange	0	0
Interest & Other income on Investments	(4.82)	(10.86)
Interest	<u>173.50</u>	<u>180.31</u>
Operating profit before working capital changes	438.71	402.64
Adjustment for :		
Trade and other Receivables	(174.15)	(102.81)
Inventories	5.98	75.66
Trade Payables	96.79	32.24
Cash generated from operations	367.33	407.73
Interest Paid	(173.50)	(180.31)
Direct taxes paid(Income Tax & TDS Return)	(13.45)	(18.17)
CASH FLOW BEFORE EXTRAORDINARY ITEMS	180.38	209.25
Extraordinary items(Deferred Revenue exp)	0.00	0.00
NET CASH FROM OPERATING ACTIVITIES (A)	<u>180.38</u>	<u>209.25</u>
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(329.91)	(168.79)
Sale of fixed assets	1.20	8.71
Acquisitions of companies	0.00	0.00
Purchase of Investments	(4.88)	(3.15)
Sale of Investments	0.00	0.00
Interest received and other income	<u>4.82</u>	<u>10.86</u>
NET CASH USED IN INVESTING ACTIVITIES (B) :	<u>(328.77)</u>	<u>(152.37)</u>
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of share capital (including premium & retained Dividend)	0.00	0.00
Proceeds from long term borrowings	425.29	97.37
Repayment of long term	(216.58)	(210.41)
Dividends paid	<u>0.00</u>	<u>0.00</u>
NET CASH USED IN FINANCING ACTIVITIES (C) :	<u>208.71</u>	<u>(113.04)</u>
Net changes in cash and cash equivalents(A+B+C)	60.32	(56.16)
Cash & Cash equivalents as at 1.4.09(Opening Balance)	15.98	72.14
Cash & Cash equivalents as at 31.3.10(Closing Balance)	76.30	15.98

Sd/-	Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
B.L.BAID	CA L.C. BAID	CA BHARAT BAID	RAJIV BAID	CS GAJANAND GUPTA	In terms of our report of even date attached
Chairman	Managing Director	Executive Director	Executive Director	Finance Controller & Company Secretary	for A.NATANI & COMPANY Firm Reg. No. 007347C Chartered Accountants

Place : Jaipur
Date : 11.09.2010

Sd/-
CA ASHOK KUMAR NATANI
PARTNER
M.NO. 74692

SCHEDULES ATTACHED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31.03.10
AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	As at 31st March,10 Rs.	As at 31st March,09 Rs.
Schedule 1		
<u>CAPITAL</u>		
<u>Authorised</u>		
7500000 Equity Shares of Rs.10/- each	75000000	75000000
<u>Issued & Subscribed</u>		
(I) 3000000 Equity Shares of Rs.10/- each	30000000	30000000
(II) 3953200 Equity Shares of Rs.10/- each at a premium of Rs. 10/- per share	39532000 <u>69532000</u>	39532000 <u>69532000</u>
<u>PAID UP</u>		
(I) 3000000 Equity Shares of Rs. 10/- each fully paid up. Out of the above shares : 300000 Shares issued as fully paid up bonus shares out of reserves.	30000000	30000000
(II) 1889100 Equity shares of Rs.10/- each at a premium of Rs. 10/- each fully called up	18891000	18891000
Add: Share forfeited (amount originally paid up)	<u>5463600</u>	<u>5463600</u>
	54354600	54354600
<u>Schedule 2</u>		
<u>RESERVES AND SURPLUS</u>		
1 Share Premium	24354600	24354600
2 Profit & Loss Account	<u>8769556</u> <u>33124156</u>	<u>5474755</u> <u>29829355</u>
	33124156	29829355
<u>Schedule 3</u>		
<u>SECURED LOANS</u>		
1 Working Capital borrowing from Indian Overseas Bank secured against hypothecation of raw-material, goods in process, finished products receivables and consumable stores and also additionally secured by a second charge over immovable properties of the company as well as personally guaranteed by four directors of the company	77979789	74753188
2 Term Loan from Indian Overseas Bank secured by way of mortgage/hypothecation of plant & machinery purchased out of said loans and also secured by second charge over entire fixed assets of the company & by personal guarantee of four directors of the company (repayable within one year Rs. 57.10 lacs)	12819727	9950329
3 Term Loan from Indian Overseas Bank secured by way of mortgage/ hypothecation of fixed assets at Pandur Village unit and also secured by Personal Guarantee of four Directors of the Company. (Repayable within One year Rs.45.84 lacs)	17877805	22939738
4 Term Loan from Rajasthan Financial Corp. against mortgage/hypothecation of fixed assets and also secured by personal guarantee of four directors of the company.(Repayable within One year Rs. 154.15 lacs)	63996441	65261832
5 Term Loan from ICICI Ltd. against hire purchase agreement for vehicles.(Repayable within One year Rs. 2.62 lacs)	398684	700057
6 Term Loan from Kotak Mahindra Prime Ltd. against hire purchase agreement for vehicle. (Repayable within One year Rs. 5.89 lacs)	981904	1244641
7 Term Loan from Citi Financial against hire purchase agreement for vehicle. (Repayable within One year Rs. 1.81 lacs)	203215	365835
	<u>174257565</u>	<u>175215620</u>
<u>Schedule 4</u>		
<u>UNSECURED LOANS</u>		
1 Sale Tax Defferment Scheme	9599863	9057390
2 From other Bodies Corporate	<u>21286419</u>	<u>0</u>
	30886282	9057390

As at
31st March,10

As at
31st March,09

Rs.

Rs.

Schedule 6**INVESTMENT (AT COST)****UNQUOTED**

1 Govt. Securities		
5 Year National Saving Certificate (Pledged to Commercial Tax Deptt)	37604	37604
2 200000 Equity shares of Rs. 10/- each (fully Paid up) of North Star Commodities Pvt. Ltd.	2000000	2000000

QUOTED

2500 Equity Shares of Rs.10/- each (Fully paid up) of HFCL	66706	66706
	<u>2104310</u>	<u>2104310</u>
Aggregate amount of Quoted Investment Market Value Rs.31050/- (Previous Year Rs. 20,025/-)	66706	66706
Un-quoted investments	2037604	2037604
	<u>2104310</u>	<u>2104310</u>

Schedule 7**INVENTORIES**(As verified, valued and certified
by the Management)

Raw Materials	24043894	23044799
Stores	585100	527010
Fuel	164550	102740
Finished goods	10263133	11702830
Packing Material	1845150	2122950
	<u>36901827</u>	<u>37500329</u>

Schedule 8**SUNDRY DEBTORS**

(Unsecured: Considered good)

Debts over Six Months	28911275	24374232
Other debts	83610211	64180141
	<u>112521486</u>	<u>88554373</u>

Schedule 9**CASH AND BANK BALANCES**

Cash in hand	410518	933112
Balances with Scheduled Banks :		
On Current Accounts	7219345	665231
On Fixed Deposits	858038	370323
	<u>8487901</u>	<u>1968666</u>

Schedule 10**LOANS AND ADVANCES**(Unsecured : Considered Good) (Advances
recoverable in cash or in kind or for value to be
received)

Advances for Supplies, Services & Exp	14447682	19525431
Deposits (Security) with Govt. & Others	5833443	6351375
Excise credit available	2622619	573465
Income Tax & TDS	2259613	2240986
Loans and advances to Corporate Bodies	0	2143847
Sales Tax credit available	10804	872110
	<u>25174161</u>	<u>31707214</u>

Schedule 11**LIABILITIES**

Sundry Creditors for Supplies & Exp.	15931348	14633187
Advance from Customers	7217135	1491199
Statutory Liabilities	2531871	422678
Security deposits from Dealers	643972	538216
	<u>26324326</u>	<u>17085280</u>

Schedule 12**PROVISIONS**

FBT	0	216000
Income Tax	1460000	1110000
Gratuity	3162113	2722033
	<u>4622113</u>	<u>4048033</u>

Figures for the year
ended 31.03.10
(Rs)

Figures for the year ended
31.03.09
(Rs)

Schedule 13**SALES**

A. Sales(Less of return)		
(I) Export Sales	0	4776403
(ii) Domestic Sales	354959060	337354351
	<u>354959060</u>	<u>342130754</u>
B. Revenue from Job Work	0	5670
TOTAL (A+B)	<u>354959060</u>	<u>342136424</u>

Schedule 14**OTHER INCOME**

1. Interest received (Gross)	482154	1086200
	<u>482154</u>	<u>1086200</u>

Schedule 15**INCREASE(DECREASE)IN FINISHED GOOD**

1. Closing Stock	10263133	11702830
2. Less: Opening Stock	11702830	14985887
	<u>(1439697)</u>	<u>(3283057)</u>

Schedule 16**MATERIALS CONSUMED**

(a) Purchase of finished goods		
Opening Stock	2122950	2298078
Add :Purchases	<u>23446724</u>	<u>28757805</u>
	25569674	31055883
Less : Closing Stock	1845150	2122950
	<u>23724524</u>	<u>28932933</u>
(b) <u>Consumption of Raw Material</u>		
Opening Stock	23044799	26797845
Add :Purchases	<u>216544747</u>	<u>185625405</u>
	239589546	212423250
Less : Closing Stock	24043894	23044799
Less : Sale of Pet Chips	11494823	2634300
Less : Sale of Scrap	887268	148860
	<u>203163561</u>	<u>186595291</u>
(c) <u>Stores Consumed</u>		
Opening Stock	527010	887122
Add : Purchase	<u>3611327</u>	<u>2347974</u>
	4138337	3235096
Less : Closing Stock	585100	527010
	<u>3553237</u>	<u>2708086</u>
(d) <u>Fuel Consumed</u>		
Opening Stock	102740	97060
Add : Purchases	<u>10612029</u>	<u>8727772</u>
	10714769	8824832
Less : Closing Stock	164550	102740
	<u>10550219</u>	<u>8722092</u>
TOTAL (a+b+c+d)	<u>240991541</u>	<u>226958402</u>

For the year ended
31st March,10
Rs.

For the year ended
31st March,09
Rs.

Schedule 17

Manufacturing Expenses :

Labour Charges	10865890	11014608
Labour Welfare	373735	509740
Water, Electricity & Power Charges	23227169	20763586
Bonus & Leave with pay	1072972	1089350
Repairs & Maintenance		
- Machinery	4760986	5836445
- Building	492997	686758
Contribution to ESI	231907	237554
Contribution to PF	1151062	1115532
Job Work Charges	2003365	5459613
	<u>44180083</u>	<u>46713186</u>

Schedule 18

Selling, Administrative & Other exp :

Staff Salary	4245899	3594480
Transportation, Handling & Octroi	6352659	7598157
Travelling Expenses :		
Foreign Tour	129629	166427
Domestic Tour	2390977	1779227
Postage, Telegraph & Telephone	761840	720790
Bank Commission	116909	98359
General & Office Expenses	364111	260518
Printing & Stationery	220361	258137
Subscription & Misc. Fees	367509	693820
Audit Fee	19440	19440
Insurance Premium	526234	488345
Legal Exp & Professional Fee	281483	152077
Conveyance & Vehicle Maintenance	866194	984521
Selling Expenses, Discount & Claims etc.. (Net)	2734699	1405619
Advertisement & Publicity	231406	265132
Rent	802537	1009173
Rates & Taxes	55798	310218
Remuneration to Directors	2166000	1930500
Books & Periodicals	10774	8841
Provision for Gratuity	553012	283052
Sales Promotion Exp.	0	14033
Bad Debts	958000	2600161
Donation	190500	174171
Deferred Revenue Exp.	387152	387152
Profit/Loss on sale of assets	-65421	-1815
Income Tax & FBT	106564	0
Loan Processing charges	0	59890
Brokerage & Commission	25350	42966
	<u>24799616</u>	<u>25303391</u>

Schedule 19

INTEREST

To Rajasthan Financial Corp. for Term Loan	5944449	7263743
To Bank & Others	11405116	10767342
	<u>17349565</u>	<u>18031085</u>

Schedule 20

NOTES ON ACCOUNTS

1. Significant Accounting Policies

Basis of Accounting

- a) The financial statements are prepared under the Historical Cost Convention, based on assumption of going concern, consistency and accrual and in accordance with the standards on accounting issued by the Institute of Chartered Accountants of India and referred to in section 211(3) of the Companies Act, 1956 except few items which are recorded on cash basis like bonus etc.
- b) The presentation of financial statements in conformity with the generally accepted accounting principles requires estimates and assumption to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual and estimates are recognized in the period in which the results are known/materialized.

Revenue Recognition

Both income and expenditure items are recognized on accrual basis. Revenue from sale of goods including manufactured products is recognized upon passage of title to the customers which generally coincides with delivery.

Fixed Assets

Fixed Assets have been stated at cost net of Cenvat credit less accumulated depreciation. Cost of acquisition or construction is inclusive of direct cost, incidental expenses and borrowing cost related to such acquisition or construction.

Depreciation

Depreciation on fixed assets is provided on written down value method at the rates and in the manner prescribed in schedule XIV of the Companies Act, 1956 except the followings, depreciation have been charged as under :-

- a) Plant and Machinery and Dies & Moulds purchased after 01.04.2004 - Straight Line Method at all the units except additions made after 01.04.2009 at Chennai Unit.
- b) Plant and Machinery and Dies & Moulds purchased after 01.04.2009 at Chennai Unit – on Written Down Method.

Additions/deletions to fixed assets during the year are being depreciated on prorata from the date on which such assets are being capitalized/deleted.

Investment

Investment are stated at cost

Inventories

Inventories are valued at lower of cost or net realizable value as per stock taken, verified, valued and certified by the management. Cost of finished goods includes excise duty also.

Accounting of subsidy

Amount of subsidy granted under Rajasthan Investment Promotion Scheme towards payment of interest and wages in respect of expansion project have been accounted for as and when received by the Company.

Retirement Benefits

The total future liability for retiring Gratuities payable in accordance with the payment of Gratuity Act and the Company's Rules is actually determined as on 31st March, 2010 at Rs. 31,62,113/- (previous year Rs. 27,22,033/-)

Foreign Currency Transactions

Transactions in foreign currency are accounted at the exchange rate prevailing on the date of transactions. Foreign Currency Liabilities are stated at rates prevailing at the year-end if any. Any other exchange differences are recognized as revenue item.

Taxes on income

(i) Current Taxation :

Provision for current income tax is made based on the tax liability computed after considering tax allowances and exemptions.

(ii) Deferred Taxation

Deferred Tax is recognized on timing differences between the accounting income and the taxable income for the year, and quantified using the tax rates and laws enacted or substantively enacted on the Balance Sheet date.

Deferred Tax assets are recognized and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

Cenvat Credit/Value Added Tax

Cenvat/Value Added Tax benefit is accounted for by reducing the purchase cost of material/fixed assets.

Borrowing Costs

Borrowing costs that are attributable to the acquisition/construction of fixed assets are capitalized as part of the cost of the respective assets. Other borrowing costs are recognized as expenses in the year in which they arise.

Provisions

A provision is recognized when an enterprise has a present obligation 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 a reliable estimate can be made. Provisions are determined based on the management estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjust to reflect the current management estimates.

2. In the opinion of the Board of Directors, the current assets, loans and advances are approximately of the values stated if realized in the ordinary course of business and the provisions for depreciation and all known liabilities are adequate and not in excess of the amounts reasonably necessary.

3. Figures for the previous year have been reworked/regrouped and recast wherever considered necessary and are nearest to Rupees.

4. **Contingent Liabilities**

Bank Guarantee given to Hindustan Petroleum Corporation Ltd. at the time of application for tender Rs. 12 lac (previous year Rs. 12 lac).

5. The Company has obtained the entitled certificate from State level screening committee/District level screening committee in form of subsidy towards labour and interest payments in respect of expansion projects undertaken by the company at Jaipur Unit. The aforesaid amount of subsidy is not being paid in cash and are being adjusted against the sales tax liability of the company by deducting the respective head of expenses.

6. **Details of Capacities, Production, Stocks and Sales**
(Figures in brackets relate to previous year)

a) **Capacities and Production**

	Class of goods	Annual Capacity			Actual Production for Sales
		Unit	Licensed	Installed	
-	Injection Moulded Articles, Lids/PET preform etc.	MT	N.A.	400 (400)	174 (240)*
-	PET Bottles/Jars	MT	N.A.	3000 (2700)	2562 (2218)*
-	Extrusion Division PVC Pipe/Fitting/Profiles	MT	N.A.	1280 (1280)	99 (106)**
-	Rotomoulded Water Storage Tanks	MT	N.A.	1050 (1050)	282** (302)**

(Note : Installed capacities are as assessed by Management)

* Including job work of others

** Including job work by others

b) Details relating to opening & closing stock, purchases and turnover sale of products for the year ended on 31.03.2010

Class of goods mfd.	Opening Stock				Closing Stock				Purchase				Turnover			
	2010		2009		2010		2009		2010		2009		2010		2009	
	Qty.	Value(Rs)	Qty.	Value(Rs)	Qty.	Value(Rs)	Qty.	Value(Rs)	Qty.	Value(Rs)	Qty.	Value(Rs)	Qty.	Value(Rs)	Qty.	Value(Rs)
PET Bottles/ Jars/ Preform *	2515293	7246983	2069413	10188985	2692973	6532481	2515293	7246983	--	--	--	--	103366287	307246925	64414195	292376026
Water Storage Tanks*	1298	979168	1715	1239624	878	1101788	1298	979168	--	--	--	--	19885	33780692	25430	31596682
PVC Profiles (Rmt)	60049	2685741	45097	1916226	39239	1830296	60049	2685741	--	--	--	--	172328	7583582	143243	6482385
Other Items	-	790938	-	1641052	-	798568	-	790938	-	23724524	-	28932933		6347861	-	11675661
TOTAL		11702830		14985887		10263133		11702830		23724524		28932933		354959060		342130754

* Quantity in Nos.

** Refer notes on accounts under Schedule No. 20 to the Balance Sheet and Profit & Loss Account.

c. Raw material Consumed :-

	<u>Quantity(MT)</u>	<u>Value(Rs)</u>
(I) LLDPE Granuals	282 (302)	19349748 (19878051)
(ii) PVC Resin	99 (106)	4993536 (5455926)
(iii) PET Chips	2562 (2218)	161932562 (136388752)
(v) Poly Propylene	174 (240)	12693986 (15571850)
(vi) Others	-- (--)	3230133 (1929723)
(vii) PET Preforms (No. in lacs)	(65.13) (45.13)	13345687 (10154149)

* Quantity in Nos.

d. Expenses/Income in Foreign Currency :-

INCOME

	<u>Current Year(Rs)</u>	<u>Previous Year(Rs)</u>
- Export Sales	-	4776403

EXPENSES

- Expenses on Foreign Travel	129629	166427
- Expenses on Imports on CIF basis for Capital Goods	NIL	NIL

7 Director's remuneration -

	<u>Current Year(Rs)</u>	<u>Previous Year(Rs)</u>
Salary	1800000	1440000
Contribution to Provident Fund	216000	172800
House Rent Allowances	360000	360000
Bonus	144000	0
Perquisites	64800	0
Other Directors - Sitting Fees	6000	10500

8 The break up of Deferred Tax Liabilities as on 31st March, 2010 is as follows :-

Nature of timing difference	Deferred Tax Liability(Assets) as at 01.04.2009	Net deferrerd Tax Liabilities(Assets) as at 31.03.2010
(A) Related to Fixed Assets	6249226	6490644
(B) Related to Provisions for gratuity	(819060)	(977093)
Net Deferred Tax Liability	5430166	5513551

9 As the company involves only in manufacturing of plastic goods, therefore, Segment reporting as defined under Accounting Standard (AS)-17 is not applicable to the company

10(a) Sundry Creditors for supplies (Item No.1st to Schedule 11) includes Rs.5.79 lac (Rs. 37.66 lac on 31.03.2009) due to small scale and ancillary undertakings.

(b) Name of Small Scale Industrial Undertakings to whom the company owned any sum which was outstanding more

than 30 days at the end of the financial year are - Compact Pack Moulders Pvt. Ltd., Perfect Pac Ltd. & Vyanktesh Corrugators Pvt. Ltd.

The above information and the amount due to all SSIs has been identified by the management based on information available and relied upon by the Auditors.

11 Related Party Disclosures ;

(a) List of Related Parties and Relationship :

	Party	Relationship
A)	Ridam Polymers Pvt. Ltd. HMI Corporation Jai Sinter Polycon Pvt. Ltd. Crystal Packaging Vikram Baid Vijay Baid	Relatives of Directors are either Partner or Director or held office of profit

B) Key Management Personnel

Shri L.C. Baid	Managing Director
Shri Bharat Baid	Executive Director
Shri Rajiv Baid	Executive Director

(b) The following transactions were carried-out during the year with the related parties in the ordinary course of business :-

		(Amt. Rs. in Lakhs)	
Transactions		2009-10	2008-09
1	Sale of goods	163.89	34.62
2	Receiving of Services	20.03	54.24
3	Rent Paid	0.24	0.24
4	Interest received	2.87	6.61
5	Interest Paid	3.66	0.00
6	Purchases of goods	0.20	1.37
7	Salary (including HRA)	12.68	10.68
Amount Due to/from related parties			
1	Debtors against supply & services	143.78	42.71
2	Loans & advances against supply	265.16	21.44

12 As stipulated in AS-28, the Company assessed potential generation of economic benefits from its business units and is of the view that assets employed in continuing businesses are capable of generating adequate returns over their useful lives in the usual course of business, there is no indication to the contrary and accordingly the management is of the view that no impairment provision is called for in these accounts.

13 Earning Per Share

Basic and diluted earnings per share are calculated by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year

	<u>2009-10</u>	<u>2008-09</u>
Profit attributable to equity shareholders (Rs. in Lacs)	48.38	25.16
No. of Shares	4889100	4889100

Nominal Value of Shares(Rs)	10/-	10/-
Basic/diluted Earning per share (Rs)	0.67	0.51

14 **BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE AS AT 31st MARCH,2010**

a.	Registration Details :				
	CIN No. L28992 RJ1991PLC006265	State Code	17	Balance Sheet Date :	31.03.2010
b.	Capital raised during the year (Amount in Rs. thousands)				
	Public issue (Allotment Money)	NIL		Rights issue	NIL
	Bonus Issue	NIL		Private Placement	NIL
c.	Position of Mobilisation and deployment of Funds (Amount in Rs. thousands)				
	Total Liabilities	298136		Total Assets	298136
	Sources of Funds				
	Paid up Capital	54355		Reserves & Surplus	33124
	Secured Loans	174257		Unsecured Loans	30886
	Deferred Tax Liability	5514			
	Application of Funds				
	Net Fixed Assets	143441		Investments	2104
	Net current Assets	152139		Misc. Expenditure	452
	Accumulated Losses	0			
d.	Performance of Company (Amount in Rs. thousands)				
	Turnover (Total Income)	354001		Total Expenditure	349163
	Profit/Loss before tax	4838		Profit/Loss after Tax	3295
	Earning per share (in Rs)			Divident Rate %	NIL
e.	Generic Names of the principal products/services of the Company				
	Item Code(ITC Code)	39252000			
	Product Description	Builders ware of plastics(viz - Master Batches, Powder, PVC Profiles and Sections)			
	Item Code(ITC Code)	39251000			
	Product Description	LLDPE Containers(Water Storage Tanks)			
	Item Code(ITC Code)	8477			
	Product Description	Machinery for working rubber or plastics or for the manufacture of products from these materials			
	Item Code(ITC Code)	39233000			
	Product Description	PET Containers (Bottles, Jars and similar articles)			

Signature to Schedules 1 to 20 and Balance Sheet Abstract

Sd/-	Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
B.L.BAID	CA L.C. BAID	CA BHARAT BAID	RAJIV BAID	CS GAJANAND GUPTA	In terms of our report of even date attached for A.NATANI & COMPANY Firm Reg. No. 007347C Chartered Accountants
Chairman	Managing Director	Executive Director	Executive Director	Finance Controller & Company Secretary	

Sd/-

Place : Jaipur
Date : 11.09.2010

CA ASHOK KUMAR NATANI
PARTNER
M.NO. 74692

TEN YEARS FINANCIAL HIGHLIGHTS (2001-2010)

(Amount Rs. in Lacs)

Particulars	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
PROFIT & APPROPRIATIONS										
Sales & other Income	1744.45	2010.48	1778.08	1773.36	2099.97	2404.26	2712.03	2929.65	3432.23	3554.41
Profit before Depreciation & Tax	168.28	-727.78	214.83	177.84	166.99	170.56	179.74	191.34	229.34	266.81
Depreciation	127.88	588.73	203.11	161.40	145.72	139.29	139.37	160.30	188.64	218.43
Profit before Tax	40.40	-139.05	11.72	16.44	21.27	31.27	40.37	31.04	40.70	48.38
Taxation	3.95	6.34	-4.58	-3.60	27.21	-6.02	15.01	14.60	15.53	15.43
Profit after Tax	36.45	-145.39	16.30	20.04	-5.94	37.29	25.36	16.44	25.17	32.95
Dividend	-	-	-	-	-	-	-	-	-	-
Earning per Share	0.52	-2.09	0.23	0.29	-0.09	0.76	0.52	0.34	0.51	0.67
ASSETS EMPLOYED										
Fixed Assets Gross	1615.01	1907.20	1970.12	2010.45	2277.48	2370.52	2909.34	3272.76	3426.87	3746.15
Depreciation	444.28	1033.03	1232.55	1391.80	1535.52	1667.43	1777.41	1920.74	2103.41	2318.23
Net	1170.73	874.17	737.57	618.65	741.96	703.09	1131.93	1352.02	1323.46	1427.92
Capital work in progress	-	-	-	-	-	-	120.70	-	-	6.48
Investment	66.38	29.05	36.05	29.05	20.05	20.82	21.04	21.04	21.04	21.04
Net Current Assets	685.07	763.21	804.52	918.19	998.08	1070.63	1254.93	1458.40	1385.97	1521.39
Miscellaneous Expenditure	26.59	101.02	79.24	60.35	71.85	26.35	16.14	12.27	8.40	4.52
	1948.77	1767.45	1657.38	1626.24	1831.94	1820.89	2544.74	2843.73	2738.87	2981.35
FINANCED BY										
Equity Shares	543.37	543.37	543.37	543.37	543.50	543.55	543.55	543.55	543.55	543.55
Reserves & Surplus	342.65	243.37	243.37	243.37	243.50	243.55	256.68	273.13	298.29	331.24
Loan Funds	1026.85	940.57	836.34	810.19	990.34	995.38	1700.69	1955.72	1842.73	2051.44
Deffered Tax Liability	35.90	40.14	34.30	29.31	54.60	38.41	43.82	52.03	54.30	55.14
	1948.77	1767.45	1657.38	1626.24	1831.94	1820.89	2544.74	2824.43	2738.87	2981.37

POLYCON INTERNATIONAL LIMITED
DEPRECIATION CHART FOR THE FINANCIAL YEAR 2009-10

SCHEDULE-5

(Amount in Rupees)

FIXED ASSETS

Snr Particulars	GROSS BLOCK			DEPRECIATION					NET BLOCK	
	As on 01/04/2009	Addition during the year	Deduction during the year	As on 31/03/2010	Upto 31/03/2009	For the year	Deduction during the year	Total Depreciation	As at 31/03/2010	As at 31/03/2009
1 LAND(Leasehold)	5958032	0	0	5958032	0	0	0	0	5958032	5958032
2 FACTORY BUILDING	44376279	68243	0	44444522	22282015	2210178	0	24492193	19952329	22094264
3 PLANT & MACHINERY	204475363	25454635	415000	229514998	129059394	11131589	360421	139830562	89684436	75415969
4 ELECTRIC INSTALATION	6067640	3656	0	6071296	3131536	408478	0	3540014	2531282	2936104
5 OFFICE EQUIPMENT	2256042	0	0	2256042	1709841	75976	0	1785817	470225	546201
6 TESTING EQUIPMENT	155254	0	0	155254	109124	6417	0	115541	39713	46130
7 FURNITURE & FIXTURES	1100545	57245	0	1157790	612244	93398	0	705642	452148	488301
8 VEHICLES	4955919	371250	0	5327169	2195861	727403	0	2923264	2403905	2760058
9 COMPUTER	1431547	237111	0	1668658	1099920	178888	0	1278808	389850	331627
10 MOULDS & DIES	71910595	6151212	0	78061807	50141259	7010204	0	57151463	20910344	21769336
TOTAL	342687216	32343352	415000	374615568	210341194	21842531	360421	231823304	142792264	132346022
Figures for the previous year	327275732	16878678	1467194	342687216	192073982	18863728	596516	210341194	132346022	135201750
11 CAPITAL WORK IN PROGRESS	0	648261	0	648261	0	0	0	0	648261	0
	0	648261	0	648261	0	0	0	0	648261	0

