

**BOARD OF DIRECTORS**

**Sri Anil Agarwal**  
*Chairman & Managing Director*

**Sri Sunil Agarwal**  
*Vice Chairman*

**Sri Shashank Prashad**  
*Independent Director*

**Sri Uday Chand Kungilwar**  
*Independent Director*

**COMPANY SECRETARY**  
**Smt. Samta Agarwal**

**Auditors**  
*M/s. Singhi & Co. Chartered Accountants*

**REGISTERED OFFICE**

51, Ezra Street, 2<sup>nd</sup> Floor  
Kolkata-700 001  
E-mail : [cs@polarinc.com](mailto:cs@polarinc.com)  
Visit us at : [www.polarinc.com](http://www.polarinc.com)

**CORPORATE OFFICE**

Z-80, Ground Floor, Sector-12  
Noida-201301

**WORKS**

**Kolkata**  
Sumach Division-58/4/2A B.T. Road  
Kolkata-700 002

**PRINCIPAL BANKERS**

ICICI Bank, Sector-18, Nodia

**REGISTRARS &  
SHARE TRANSFER AGENTS**

MCS Limited  
77/2A Hazra Road, Kolkata-700 029

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**NOTICE**

To All Members of the Company.

**NOTICE** is hereby given that the 27<sup>th</sup> Annual General Meeting of the Members of Polar Industries Limited will be held at "Aaikatan" IA-290, Sector-III, Salt Lake, Kolkata-700 097 on Friday the 24<sup>th</sup> day of September, 2010 at 3.30 p.m. to transact the following business:-

**I) ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2010, Profit & Loss Account and the Cash Flow Statement for the Financial Year ended on that date and the Reports of the Directors' and the Auditor's thereon.
2. To appoint a director in place of Mr. Sunil Agarwal, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint Auditors to hold office from conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

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

"RESOLVED THAT pursuant to the provisions of section 224A and other applicable provisions of the Companies Act, 1956 M/s. Singhi & Co., Chartered Accountants (Regd. No. FRN 302049E), the retiring Statutory Auditors of the Company be and are hereby reappointed as the Statutory Auditors of the Company to conduct audit for the financial year 2010-2011 and to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company at a remuneration to be decided mutually by the Chairman & Managing Director of the Company and the said Firm."

4. To appoint Branch Auditors for Sumach and Marketing Divisions.

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

"RESOLVED THAT pursuant to Section 228(3) of the Companies Act, 1956 M/s. S. Jaykishan, Chartered Accountants, the retiring Branch Auditors of the Company be and are hereby reappointed as the Branch Auditors of the Company for Sumach and Marketing Divisions at Kolkata to conduct audit for the financial year 2010-2011 and to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company, at a remuneration to be decided mutually by the Chairman & Managing Director of the Company and the said firm."

**II. 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 Mr. Uday Chand Kungilwar who was appointed as Additional Director by the Board to hold office upto the date of this Annual General Meeting and in respect of whom a notice under Section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose, Mr. Uday Chand Kungilwar as a candidate for the office of the Director be and is hereby elected and appointed as a director of the Company, liable to retire by rotation."

Registered Office:  
51, Ezra Street, 2nd floor,  
Kolkata – 700 001  
Dated :29th day of May, 2010

By Order of the Board  
For **POLAR INDUSTRIES LTD.**

**SAMTA AGARWAL**  
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 SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE, SHOULD BE DULY STAMPED, COMPLETED, SIGNED AND MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE ANNUAL GENERAL MEETING i.e. by 3.30 P.M. on 22<sup>nd</sup> September, 2010.**
2. The Register of Members and Share Transfer Books of the Company will remain closed from 17<sup>th</sup> September, 2010 to 24<sup>th</sup> September, 2010 (both days inclusive).
3. In terms of Article 98 of the Articles of Association of the Company, Mr. Sunil Agarwal, Director of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment. Brief resume of Director, nature of his expertise in specific functional areas and names of Companies in which he hold Directorships and memberships/chairmanships of Board Committees, as stipulated under Clause 49 of Listing Agreement with the Stock Exchanges in India, are provided in the Report on Corporate Governance forming part of the Annual Report. The Board of Directors of the Company recommends his re-appointment.
4. 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 and forms part of the notice.
5.
  - a) Members are requested to notify immediately any change of address to their Depository Participants in respect of their electronic share accounts, and to the Company and its Registrars & Share Transfer Agent, M/s. MCS Ltd., 77/2A, Hazra Road, Kolkata – 700 029 in respect of their holdings in physical mode.
  - b) In case the mailing address mentioned on the Annual Report is without the Pin Code, members are requested to kindly inform their Pin Code, immediately.
  - c) To quote their Registered Folio Nos./Client ID Nos. in all correspondences with the Company/with the Registrars.
6. Non-resident Indian shareholders are requested to inform us immediately:
  - the change in the residential status on return to India for permanent settlement;
  - the particulars of NRI Account with a Bank in India, if not furnished earlier.
7. Members desirous of making nomination as permitted under Section 109A of the Companies Act, 1956 in respect of the shares held by them in the Company, can make the nomination in Form 2B.
8. Members holding more than one account, in the same name are requested to send the details of their folios along with the share certificates to the Company so as to enable us to consolidate their shareholdings into one folio.
9. During the year under review, pursuant to Section 205C of the Act, Unclaimed/Unpaid Refund & Interest Amount lying in the respective a/c for a period of seven years has been transferred to the Investor Education and Protection Fund (IEPF) of the Central Government.

Fixed Deposit holders, who have not encashed their matured deposit and/or interest thereon and the amount not transferred to IEPF A/c, are requested to lodge their claims with the Company.

Members are advised that in terms of the provisions of Section 205C of the Companies Act, 1956, once unclaimed FD Refund & Interest amounts are transferred to IEPF A/c, no claim shall lie in respect thereof.

10. Members who hold shares in Dematerialised Form are requested to bring their Client ID and DP ID numbers and those who hold the shares in physical form are requested to write their folio number in Attendance Slip for easy identification of attendance at the Meeting.
11. Members/Proxies should bring the Attendance Slip duly filled in for attending the Meeting.
12. Documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company during office hours on all working days (Monday to Friday) between 11:00 A.M. to 1:00 P.M. upto the date of Annual General Meeting and will also be available for inspection at the Meeting.
13. As an economy measure, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are, therefore, requested to bring their copies of Annual Report to the meeting.
14. Corporate Members intending to send their authorized representative are requested to send a duly certified true copy of the Board Resolution, pursuant to Section 187 of the Companies Act, 1956, authorizing their representative to attend and vote at the meeting.

#### **ANNEXURE TO THE NOTICE**

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

#### **Agenda Item No. 5**

To broad base the Board of Directors and to comply with the requirement of Clause 49 of the listing agreement Mr. Uday Chand Kungilwar, was appointed by the Board as an Additional Director in the category of non-executive independent director of the Company w.e.f. 29<sup>th</sup> May, 2010 to hold office till the date of the ensuing Annual General Meeting.

The Company has received a notice under Section 257 of the Companies Act, 1956 from a member proposing his appointment for the office of the Director of the Company.

The Board recommends for the appointment of Mr. Uday Chand Kungilwar and proposes to pass the resolution as set out in item No. 5 of the Notice as an Ordinary Resolution.

Except, Mr. Uday Chand Kungilwar, none of the directors of the Company are interested or concerned in the resolution.

By Order of the Board  
For POLAR INDUSTRIES LTD.

Registered office:  
51, Ezra Street, 2nd floor,  
Kolkata – 700 001  
Dated : 29<sup>th</sup> day of May, 2010

**Samta Agarwal**  
Company Secretary

**DIRECTORS' REPORT**

To

The Members,

Directors of the company have pleasure in submitting the 27th Annual Report of the Company together with Audited Accounts for the period ended 31st March 2010. A brief summary of financial results and other operational aspects are being detailed herein as under;

**FINANCIAL RESULTS**

	<i>(Rs. In Lacs)</i>	
	<b>Year Ended 31/3/2010 (12 months)</b>	<b>Year Ended 31/3/2009 (12 months)</b>
Total Income	5116.08	11667.18
Profit/(Loss) before Depreciation, Interest & Tax	1727.90	(1511.76)
Less: Depreciation	42.93	(70.82)
Interest	92.53	(162.77)
Principal Amount of Loan & Interest Written Back	-	299.23
Profit/ (Loss) before Tax	1592.44	(1446.12)
Less: Provision for Taxation		
- Current Tax	-	-
- Fringe Benefit Tax	-	(17.70)
Profit/(Loss) after Tax	1592.44	(1463.82)
Transfer from Debenture Redemption Reserve	-	(55.32)
Profit/(Loss) brought forward from previous period	(16305.02)	(14896.51)
Loss carried forward to Balance Sheet	(14712.57)	(16305.02)

**RESTRUCTURING OF SECURED DEBTS**

One Time Settlement (OTS) of all the secured debts of the Company was sanctioned at Rs. 32 Crores under Corporate Debt Restructuring (CDR) mechanism followed by individual sanction from the lenders.

In the meanwhile, Asset Reconstruction Company (India) Ltd. (ARCIL) has acquired the debts of all the secured lenders except IIBI and have restructured the total secured debts of Rs. 95.22 Crores as on 31.3.2008.

As per ARCIL's sanction, the Company allotted 30,74,300 equity shares at per for Rs. 3.07 Crores to ARCIL and the balance debt of Rs. 59 Crores would be repaid over a period of 5 years between 2010-2013.

The Company in spite of all efforts could not infuse working capital into the system on time. The Company unable to bring in required working capital pruned down its structure to almost half by closing down various divisions other than the core business of fans, with only one Fan unit remaining.

The Company has received letters under Section 13(2) & 13(4) of the SARFAESI Act, 2002 from ARCIL. The Company has

already proposed One Time Settlement of dues with ARCIL and the same is under discussion with them.

**DIRECTORATE**

In accordance with the provisions of Article 98(1) of the Articles of Association of the Company, Mr. Sunil Agarwal will retire by rotation in the ensuing Annual General Meeting of the Company and, being eligible, offers himself for re appointment. The Board has recommended his re appointment.

Mr. P. S Ravendernath, who represented Asset Reconstruction Company (India) Limited, has resigned as nominee director from the Board of the Company consequent to withdrawal of his nomination by ARCIL.

The Board places on record its gratitude for services rendered by Mr. P S Ravendranath during his tenure as the member of the Board.

In order to broad base the Board of Directors and to comply with the requirement of Clause 49 of the Listing Agreement, Mr. Uday Chand Kungilwar, was appointed as an Additional Director in the category of non-executive independent director of the Company w.e.f. 28<sup>th</sup> May, 2010 & holds office upto the ensuing Annual General Meeting of the Company. The Company has received notice from a member pursuant to Section 257(1) of the Companies Act, 1956 signifying his intention to propose the candidature of Mr. Uday Chand Kungilwar for the office of Director. The Board recommends for the appointment of Mr. Uday Chand Kungilwar as a candidate for the office of Director liable to retire by rotation. The brief resume details relating to directors who are to be appointed/ re-appointed are furnished in the Corporate Governance Report which forms part of separate section of Annual Report.

**AUDITORS**

M/s. Singhi & Co., Chartered Accountants, (Regn. No. FRN 302049E) Statutory Auditors of the Company retire at the conclusion of the ensuing Annual General Meeting, and, being eligible, offer themselves for re-appointment as Statutory Auditor of the Company. A certificate, required under Section 224(1B) of the Companies Act, 1956 to the effect that, the re-appointment, if made, shall be within the limits specified in the said section, has been obtained from them.

M/s. S. Jaykishan, Chartered Accountants, Branch Auditors of Sumach and Marketing Divisions retire at the conclusion of the ensuing Annual General Meeting, and being eligible, offer themselves for re-appointment as Branch Auditors of Sumach & Marketing Division. A certificate, required under Section 224(1B) of the Companies Act, 1956 to the effect that, the re-appointment, if made, shall be within the limits specified in the said section, has been obtained from them.

Since not less than 25% of the subscribed Share Capital of the Company is held collectively by Public Financial Institutions, the re-appointment of Statutory Auditors is being proposed as a Special Resolution in accordance with section 224A of the Companies Act, 1956.

**AUDITOR'S OBSERVATIONS**

In respect of Auditor's Observation regarding disqualification of two directors namely, Shri Anil Agarwal and Sri Sunil Agarwal it may be noted that Company has failed to redeem its debentures on due date and such failure continues for more than 1 year. Therefore, two above-mentioned directors are disqualified in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

In respect of Auditor's Observation regarding debt acquired by ARCIL & non-provision of Interest it may be noted that the Company has placed its proposal for One Time Settlement (OTS) of the dues to ARCIL and the same is under discussion. Pending settlement no accounting adjustment has been carried out in the books of accounts.

In respect of Auditor's Observation regarding sale of residential property by ARCIL it may be noted that pending receipt of information from ARCIL with respect to the sale consideration of Company's residential property situated at A-8 Maharani Bagh, New Delhi-110065, the Company has considered a minimum reserve price of Rs. 27.50 crores for the purpose of provisional adjustment in the books of accounts.

In respect of Auditor's Observation regarding valuation of finished goods stock for Rs. 86,40,825 pertaining to the discontinued business segment and non provision of interest, demurrages etc. on the goods lying in the custom bonded warehouse it may be noted that the Company is taking necessary steps to liquidated the same at best resalable value.

In respect of Auditor's Observaton regarding the account has been prepared on going concern basis, it may be noted that the management feels that due to likely impact on the restructuring, induction of working capital and future profitability on the net worth, the Company will be able to revive itself.

In respect of Auditor's Observation regarding payment of remuneration to Director - Finance & Corporate Affairs which is subject to approval of Central Government, it may be noted that application for approval of the remuneration has been made to the Central Government and the approval for the same is being awaited.

In respect of Auditor's Observation regarding non-provision and non-ascertainment of interest/penalties on various outstanding statutory dues it may be noted that the Company will provide the said liabilities if the same arises in future in the books of accounts.

In respect of Auditor's Observation regarding not charging interest on advances, it may be noted that Company did not consider charging interest on the amount outstanding due to weak financial position of the other companies covered under Section 301 of the Companies Act, 1956.

In respect of Auditor's Observation regarding failure is filing of Return of Deposits it may be noted that the same is under process & the Company will file the return of Deposit very soon as per the statutory requirement.

In respect of Auditor's Observation regarding Company not regular in depositing undisputed statutory dues, it may be

noted that the Company despite of its best efforts, due to cash crunch, was not regular in payment of statutory dues. The Company is taking steps to pay undisputed outstanding statutory dues which are due for more than six months, out of the fresh funds to be infused.

In respect of Auditor's Observation regarding default of Company regarding repayment of Rs. 6,79,75,501 to Industrial Investment Bank of India (IIBI), it may be noted that Company is still awaiting the One Time Settlement (OTS) sanction from IIBI. As soon as the Company receives sanction the Company will take necessary steps to repay the amount due to IIBI.

In respect of Auditor's Observation regarding terms and conditions of corporate guarantees are prejudicial to the interest of the Company, it may be noted that corporate guarantee were given for two corporate. In view of the revival and restructuring plan of one corporate and, indemnity given by the promoters in case of other corporate, the management thinks that there would not be any liability on the company.

In respect of Auditor's Observation regarding creation of securities in respect of debentures outstanding at the year end it may be noted that the same will be created in due course of time.

The other notes to the accounts referred to in the Auditor's Report are self-explanatory.

**COST AUDIT**

M/s K.L. Jaisingh & Co., Cost Accountants, are appointed as Cost Auditor of the Company to conduct Cost Audit of the Accounts maintained by the Company for the financial year ending 31<sup>st</sup> March, 2011.

**SHARE CAPITAL**

During the year ended March 31, 2010, the paid-up equity share capital of the Company increased from Rs. 18, 37, 77,680/- comprising of 1, 81, 27,768 equity shares of Rs. 10/- each & 25,000 14% Redeemable Cumulative Preference Shares of Rs. 100 each to Rs. 21,45,20,680/- comprising of 2,12,02,068 equity shares of Rs. 10/- each consequent to allotment of 30,74,300 equity shares to Asset Reconstruction Company (India) Ltd. which has been allotted as a part settlement towards restructuring the total secured debts of the Company by Asset Reconstruction Company (India) Ltd.

The Final Listing approval for allotment of 30,74,300 equity shares to Asset Reconstruction Company (India) Ltd. from Bombay Stock Exchange Limited and National Stock Exchange of India Limited is still awaited & Company is expecting to receive the same at the earliest.

**PREFERENTIAL ALLOTMENT OF WARRANTS**

As approved by the shareholders your Company has made preferential allotment of 39,00,000 Zero Coupon Convertible Warrants (ZCCWs) to M/s Polar Overseas Ltd. & M/s Arunima

Investment Pvt. Ltd. the Associate of Promoters of the Company on 3<sup>rd</sup> July, 2009 & the same is convertible into equal no. of Equity Shares within a period of 18 months from the date of allotment of warrants.

**SHIFTING OF REGISTERED OFFICE**

The Registered Office of your Company has been shifted from 113, Park Street, 8<sup>th</sup> Floor, Kolkata – 700 016 to 51, Ezra Street, 2<sup>nd</sup> Floor, Kolkata – 700 001 w.e.f. May 29, 2010.

**DEPOSITS**

The Company's Public Deposit scheme closed long back. There was no failure to make repayments of Fixed Deposits on maturity and the interest due thereon in terms of the conditions of the Company's erstwhile Schemes.

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

A detailed report on Management Discussion and Analysis is provided as a separate chapter in the Annual Report

**DIVIDEND**

In view of the huge losses incurred by the Company in the previous years, your Directors express regret for not declaring any dividend for the year under review.

**CORPORATE GOVERNANCE**

The Code of Corporate Governance has already been implemented as per the listing agreements and a separate note on Corporate Governance has been given. The certificate of the Auditors, M/s. Singhi & Co. confirming compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchange in India is annexed along with this report.

The CMD have certified to the Board w.r.t financial reporting, in the manner required under Clause 49 of the Listing Agreement concerning the annual financial statement.

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

The particulars required under Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Director) Rules, 1988 are set out in Annexure-I forming part of this Report.

**PARTICULARS OF EMPLOYEES**

Information in accordance with the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, regarding employees is given as Annexure I to the Directors' Report.

**DIRECTOR'S RESPONSIBILITY STATEMENT.**

Pursuant to Sub-section (2AA) of section 217 of the Companies Act, 1956, the Board of Directors of the Company hereby state and confirm that:

- i) in the preparation of annual accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- ii) the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of financial year and the loss of the Company for that period;
- iii) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) the directors have prepared the annual accounts on a going concern basis.

**ACKNOWLEDGEMENTS**

Your Directors take this opportunity to thank all investors, business partners, clients, banks, regulatory foreign authorities and Stock Exchange for their continuous support.

For and on behalf of the Board

**Registered Office:**  
51, Ezra Street,  
2nd floor,  
Kolkata – 700 001

**ANIL AGARWAL**  
Chairman & Managing Director



## ANNEXURE-I

## TO THE DIRECTORS' REPORT

Information required under the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, for the period ended March 31, 2010.

## FORM-A Conservation of Energy

The Company's operations involve low energy consumption. Wherever possible, energy conservation measures have already been implemented and there are no major areas where further energy conservation measures can be taken. However, efforts to conserve and optimize the use of energy through improved operational methods and other means will continue.

## FORM-B

Form of disclosure of particulars with respect to Absorption of Technology. Research & Development (R&D).

## Research &amp; Development (R&amp;D)

## 1. Specific areas in which R&amp;D carried out by the Company:

The R&D efforts of the Company are directed towards quality control, improvements/up-gradation of existing production methods and development of new products.

2. Benefits derived as result of the above R&D :  
Improvement in product quality, reduction in consumption of raw materials with cost effectiveness, development of new models.

## 3. Future Plan of Action : To continue with the above line of action

## 4. Expenditure on Research and Development

Particulars	(Rs in lacs)	
	12 months Period ended 2009-10	12 months Period ended 2008-09
A. Capital (Deferred)	-	-
B. Recurring	-	2.1
C. Total	-	2.1
D. Total R & D expenditure as a percentage of total turnover	-	.02%

## Technology absorption, adaptation and innovation

## 1. Efforts in brief, made towards technology absorption adaptation and innovation.

There is constant endeavor to achieve consistent end product performance with less & less material consumption.

## 2. Benefits derived as a result of the above efforts e.g product improvement, cost reduction, product development, import substitution etc. Company has been able to produce products at a reduced cost.

## 3. In case of imported technology (imported during the last five years reckoned from the beginning of the financial year) following information may be furnished.

- Technology imported.
- Year of import.
- Has technology been fully absorbed?
- If not fully absorbed, areas where this has not taken place, reasons therefor and future plans & action. Not applicable as the Company has indigenous technology.

## ANNEXURE-II

## TO THE DIRECTORS' REPORT

## Statement pursuant to Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975

Personnel who are in receipt of remuneration aggregating not less than Rs 2,00,000 per month and employed for the part of the year:

Name	Designation/ Nature of Duties	Remu- neration (Rs).	Qualifi- cation	Experi- ence (Yrs.)	Date of Commen- cement of Employ- ment	Age (Yrs.)	Last employ- ment before joining the com- pany	% of Equity capital held
Mr. Arun Thaman	Chief Executive Officer	2,50,000	Diploma in Marketing Management from IMM, Diploma in Material Management from Delhi University and is a B.Com Graduate from Delhi University	31	05.11.2008	48	Shriram (Usha) Group	Nil
Mr. Tara Chand Khetan	Vice- President	2,45,699	ACA,ACS, AICWA	15	January, 1995	39	Nil	Nil

## Notes:

- Remuneration includes Salary, House Rent Allowance, Provident Fund, Medical reimbursement, LTA, other allowances and taxable value of Perquisites.
- The Appointment is contractual as per the policy/rules of the company.
- Terms and conditions are as per the appointment letter given to the appointee from time to time.

For and on behalf of the Board of Directors

## Registered Office:

51, Ezra Street,  
2nd Floor,  
Kolkata – 700 001  
Dated : 29th day of May, 2010

**ANIL AGARWAL**  
Chairman &  
Managing Director



## MANAGEMENT DISCUSSIONS &amp; ANALYSIS REPORT

**1. Restructuring of Secured Debts**

One Time Settlement (OTS) of all the secured debts of the Company was sanctioned at Rs. 32 Crores under Corporate Debt Restructuring (CDR) mechanism followed by individual sanction from the lenders.

In the meanwhile, Asset Reconstruction Company (India) Ltd. (ARCIL) has acquired the debts of all the secured lenders except IIBI and have restructured the total secured debts of Rs.95.22 Crores as on 31.03.2008.

As per ARCIL's sanction, the Company allotted 30,74,300 equity shares at par for Rs.3.07 Crores to ARCIL and the balance debt of Rs. 59 Crores would be repaid over a period of 5 years between 2010-2013.

The Company in spite of all efforts could not infuse working capital into the system on time. The Company unable to bring in required working capital pruned down its structure to almost half by closing down various divisions other than the core business of fans, with only one Fan unit remaining.

The Company has received letters under Section 13(2) & 13(4) of the SARFAESI Act, 2002 from ARCIL. The Company has already proposed One Time Settlement of dues with ARCIL and the same is under discussion with them.

**2. Consolidation of Manufacturing Units**

The Company at present is operating from one manufacturing unit at Kolkata after consolidation of four units, units-two at Kolkata one at Noida and one at Roorkee, Uttraanchal. The Company has taken all the effective steps and listed out of the formalities involved for closure/consolidation. However, complete closure could not be achieved due to lack of adequate funds. It shall be done on infusion of funds.

**3. Opportunities & Threats****Opportunities**

- The macro economic policies of the government and continuous emphasis on infrastructure activities have lead to the booming housing sector.
- Urbanization & Rural Prosperity due to agro-revolution has improved the rural economy. Also, the aspiration level has improved by media and advertising, there is a vast scope of fans, as essential items in rural and semi –urban areas.
- One of the major opportunities is Conversion from Unorganized sector. There is a shift in consumer mindset from low priced non-branded products to branded (value for money).
- The small appliances market is growing vigorously and offers an equal opportunity to grow.
- Polar has very strong Brand Recall, its Brand Identity and Brand Personality is well known and hence creating awareness for sub-brands of each product segment will not entail much, time, effort and cost.

**Threats**

- A major threat for the branded fan manufacturers has been the lack of government regulations for curbing unscrupulous manufacturers producing and selling duplicate fans of renowned brands. This primarily should be the responsibility of the government to curb the development and growth of these manufacturers.
- The most challenging and uphill task before the Company is to restructure its operations and regain lost market share from its close competitors.

**4. Internal control systems & their adequacy**

The accounting and administrative controls established by the Company are appropriate to the size and nature of the business of the Company.

The Company has adequate internal checks in day to day transactions and proper checks and balances in its accounting procedure and practice, to eliminate frauds.

The Company has system of quarterly internal audit and statutory audit separately; to ensure that accounting and other allied records have been maintained properly. Budgets are prepared for each segment separately on monthly and yearly basis. Actual performances no where have been near to budget as the inflow of funds has never been in line with the budget.

The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets. The fixed assets of the Company are physically verified by the management at regular intervals.

#### **5. Cautionary Statement**

Statements in the Management Discussion and Analysis may be “forward looking statement” which may be identified by the use of words in that direction or connoting the same.

Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company’s operation include economic conditions affecting demand/supply and price conditions in the markets in which the Company operates, changes in government regulations, policies, tax laws and other statues and other incidental factors. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent development, information or events.

For and on behalf of the Board of Directors

Place : Kolkata  
Date : 29<sup>th</sup> May, 2010

**Anil Agarwal**  
**Chairman & Managing Director**

**POLAR INDUSTRIES LIMITED**  
**REPORT ON CORPORATE GOVERNANCE**

1) **Company's philosophy on Corporate Governance**

Polar's philosophy on Corporate Governance envisages the attainment of transparency, accountability and equity, in all facets of its operations, and in all its interactions with its stakeholders, including shareholders, employees and lenders.

The Company believes that all its operations and actions must serve the underlying goal of enhancing overall shareholder value, over a sustained period of time.

2) **Board of Directors**

The composition of the board of directors of the Company as given below meets the stipulated requirements.

Name	Category	Director (Independent)	Designation	Attendance in Board Meeting Held / Attended		Attendance in last AGM	Other Directorship	Committee Membership (Membership in Audit Committee and Shareholder's Grievance Committee has been considered)	Committee Chairmanship (Chairmanship in Audit Committee and Shareholders' Grievance Committee has been considered)	Shareholding
1. Mr. Anil Agarwal	PD	No	CMD	5	4	Yes	3	2	-	2839928
2. Mr. Sunil Agarwal	PD	No	NED	5	5	Yes	1	2	1	167512
3. Mr. Shashank Prashad	NPD	Yes	IND	5	5	Yes	5	3	1	1071
4. Mr. P.S. Ravendernath	NPD	Yes	ND	5	5	No	3	1	-	-

(a) Mr. P.S. Ravendernath, nominee Director of Asset Reconstruction Company India Ltd. (ARCIL), Resigned from the Directorship of the Company w.e.f. 06.05.2010 owing to withdrawal of his nomination by ARCIL.

(b) Mr. Uday Chand Kungliwar has been appointed as Additional Director, designed as Independent Director by the Board w.e.f. 28.05.2010.

(PD: Promoter Director, NPD: Non Promoter Director, NED: Non Executive Director, ND: Nominee Director, IND: Independent Director, WTD: Whole Time Director, CMD: Chairman & Managing Director)

During the year, five board meetings were held on (i) 27.05.2009, (ii) 26.06.2009, (iii) 29.07.2009, (iv) 29.10.2009, (v) 28.01.2010. The maximum time gap between any two meetings did not exceed four calendar months.

No pecuniary transactions have been entered into with any of the Non-Executive Directors of the Company, save and except the payment of sitting fees to the Independent and Non-Executive Directors for attending the Meetings of the Board and the Committees with which they are associated.

**Non Executive Directors' compensation and disclosures**

In accordance with the decision of the Board of Directors, only sitting fees is paid to independent directors/ non-executive directors for attending Meetings of the Board/the Committees of which they are members.

**Code of Conduct**

The Board of Directors has adopted the Code of Ethics and Business Conduct with effect from 28.01.2005 for Directors and Senior Management. The said Code has been communicated to the Directors and Members of the Senior Management. For the year under review, all the Directors and Senior Management Members have confirmed their adherence to the provisions of the said Code. A declaration to the effect that the Directors and Senior Management Personnel have adhered to the same, signed by the CMD of the Company is attached to this Report.

**Re-appointment / Appointment of Directors**

The details of Director seeking re-appointment as Director at the Annual General Meeting are as follows:

<b>Name of the Director</b>	<b>Mr. Sunil Agarwal</b>
Brief Resume	Mr. Sunil Agarwal, son of Late Sajjan Kumar Agarwal is 50 years old and resides at 5C, Alipore Park Road, Kolkata – 700 027. He is B.Com (Hons.) by qualification. His association with the Company dates back to the 1980s. He being a person of great integrity, his devotion to his works reflects his grit and determination to overcome every hurdle that comes in the Company's way. With his excellent analytical abilities, he has competence to oversee all activities and take prompt business decisions.
Qualifications	B.Com (Hons.)
Date of Birth	11.05.1960
Date of Appointment	20.01.1990
Expertise in specific functional areas	Industrialist
Shareholding in the Company	167512 (0.79%)
List of outside Directorship held	a) Polar Pharma India Ltd. –Whole time Director
Chairman/Member of the Committee of the Board of Directors of the Company	1. Shareholders' Grievance Committee – (Chairman) 2. Hardship Committee – (Chairman) 3. Remuneration Committee – (Member) 4. Share Allotment Committee – (Member)
Chairman/Member of the Committee of other companies in which he is a Director	1. Polar Pharma India Ltd. a) Shareholders' Transfer Committee -- (Chairman) b) Audit Committee – (Member)
<b>Name of the Director</b>	<b>Mr. Uday Chand Kungilwar</b>
Brief Resume	Mr. Uday Chand Kungilwar, son of Mr. R.N. Kungilwar is 34 years old and resides at 26, Pally Shree, P:O – Regent Estate, Kolkata–700092. He is B.A (Economics Hons.), Associate Member of ICSI, LL.B (B.N.M. University) by qualification. His devotion to his work reflects his grit and determination to overcome every hurdle that comes in the Company's way.
Qualifications	B.A (Economics Hons.), A.C.S, LL.B
Date of Birth	03/01/1976
Date of Appointment	28/05/2010
Expertise in specific functional areas	Service
Shareholding in the Company List of outside Directorship held	Nil.
Chairman/Member of the Committee of the Board of Directors of the Company	1. Remuneration Committee – (Member) 2. Share Allotment Committee – (Member)
Chairman/Member of the Committee of other companies in which he is a Director	Nil

### 3. Audit Committee

The composition of the Audit Committee is in accordance with the revised provisions of Clause 49 (II) (A) of the Listing Agreement with the Stock Exchanges. At present the Committee consists of Two Non-Executive Directors and One Executive Director with 2/3<sup>rd</sup> of the Members being Independent Directors. Mr. Shashank Prasad, Independent Director is the Chairman and Mr. Anil Agarwal and Mr. P.S. Ravendranath are other Members of the Committee.

All the Committee Members are financially literate and all of them have accounting and financial management expertise.

The Internal Auditors and the Representatives of the Statutory Auditors and such other officials of the Company are invited to attend the Audit Committee Meetings as and when required. The Company Secretary acts as the Secretary to the Committee.

The Minutes of the Audit Committee Meetings are noted by the Board of Directors in their subsequent Meeting.

The Committee met five times during the year under review on i) 27.05.2009, ii) 26.06.2009, iii) 29.07.2009, iv) 29.10.2009 and v) 28.01.2010

#### Attendance of Members at the Meeting of the Audit Committee

Name of the Directors	No. of Meetings	
	Held	Attended
1. Mr. Anil Agarwal	5	4
2. Mr. Shashank Prasad	5	5
3. Mr. P.S. Ravendranath (nominee of ARCIL)	5	5

The terms of reference of the Audit Committee are in conformity with the revised requirements of Clause 49 of the Listing Agreement read in conjunction with section 292A of the Companies Act, 1956.

The Audit Committee has been vested with the following powers:

- to investigate any activity within its terms of reference;
- to seek information from any employee;
- to obtain outside legal or other professional advice;
- to secure attendance of outsiders with relevant expertise, if it considers it so necessary.

#### Terms of Reference:

##### Role of Audit Committee :

The role of the Audit Committee is as follows:

- to oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- to recommend the appointment and removal of external auditor, fixation of audit fees and also approval of payment for any other services;
- reviewing with the management the annual financial statements before submission to the Board, focusing primarily on :
  - any changes in accounting policies and practices;
  - major accounting entries based on exercise of judgment by management;
  - qualifications in draft audit report;
  - significant adjustments arising out of audit findings;
  - the going concern assumption;
  - compliance with accounting standards;
  - compliance with stock exchange and legal requirements concerning financial statements;
  - any related party transactions, i.e., transactions of the Company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large;
- reviewing with the management, external and internal auditors, the adequacy of internal control systems;
- reviewing with the management the quarterly financial statements before submission to the Board;
- reviewing the adequacy of internal audit function and frequency of internal audit;
- discussion with internal auditors on any significant findings and follow up thereon;
- reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- discussion with external auditors before the audit commences, nature and scope of audit as well as have post-audit discussion to ascertain any area of concern;

j) to look into the reasons for substantial defaults, if any, in the payment of the depositors, debenture holders and creditors.

#### Review of Information by the Audit Committee:

The Audit Committee shall mandatorily review the following information:

- a) Management discussion and analysis of financial condition and results of operations;
- b) Statement of significant related party transactions (as defined by the audit committee), submitted by management;
- c) Management letters/letters of internal control weaknesses issued by the statutory auditors;
- d) Internal audit report relating to internal control weaknesses;
- e) The appointment, removal and terms of remuneration of the Internal Auditor;
- f) The Company's financial risk management policies.

#### 4. Remuneration Committee

The remuneration policy of the Company for managerial personnel is decided by the Remuneration Committee on the basis of track record, potential and performance of individual managers.

During the period, no remuneration committee meeting was held.

The appointment of Whole Time Directors are governed by resolutions passed by the board of directors and the shareholders of the Company, which covers the terms and conditions of such appointment. Payment of remuneration to Whole Time Directors are governed by the respective agreements executed between them and the Company, subject to Central Government approval, if required.

#### Details of remuneration paid to all Directors for the year ended 31.03.2009 :

##### (i) Executive Director –Wholetime Director/Managing Director

Particulars	Mr. Anil Agarwal (*)	Total
Salary	4,80,000	4,80,000
Medical Reimbursement	15,000	15,000
Employer's contribution to Provident & other Funds	57,600	57,600
Bonus	3,600	3,600
Special Allowance	328,800	328,800
LTA	-	-
<b>TOTAL</b>	<b>8,85,000</b>	<b>8,85,000</b>

(\*) Service Contract entered was for the period 1st April, 2009 to 31st March, 2012

##### (ii) Non WholeTime/Non-Executive Director

The Company has, during the 12 months period ended 31.03.2010, paid sitting fees for attending Board and Audit Committee Meetings to the Non Executive Directors as follows:

Non-Executive Director	Sitting Fees paid for attending Board Meeting and Audit Committee Meetings (Rs.)
1. Mr. Sunil Agarwal	-
2. Mr. Shashank Prashad	10,000
3. Mr. P.S.Ravendranath (nominee of ARCIL)	10,000
<b>Total</b>	<b>20,000</b>

- (a) Neither any Stock option was issued nor was any bonus paid to any Directors. No severance fee is payable to Directors and there was no Notice Period.
- (b) Non-Executive Directors are being paid sitting fees of Rs.1000/- for attending each Board Meeting and Audit Committee Meeting.
- (c) There has been no pecuniary relationship or transaction of the Non-Executive Directors vis-à-vis the Company during the year under review.
- (d) There is no performance linked incentive paid to the Executive Directors.

#### 5. Remuneration Policy

- (i) The remuneration of employees include basic remuneration and perquisites.
- (ii) The remuneration policy is well structured and directed towards rewarding performance based on periodical review. The component of the total remuneration varies for different grades, qualifications and experience of the employee, responsibilities undertaken by him and his individual performance, etc. and is driven by industry norms.
- (iii) The objectives of the remuneration policy are to motivate, record merit and retain talent.

#### 6. Share Transfer Committee & Shareholders' Grievance Committee

The Committee looks into redressal of shareholders' complaints like transfer of shares, non-receipt of declared dividends, non-receipt of Balance Sheet, etc. The Committee oversees the performance of the Registrar and Share Transfer Agents and recommends measures for overall improvement in the quality of investor services. The Board has designated Ms. Samta Agarwal, Company Secretary as the Compliance Office.

The Constitution of Share Transfer & Shareholders Grievance Committee is as under :

Members	Particulars
(1) Mr. Sunil Agarwal	Chairman
(2) Mr. Shashank Prashad	Member

The total number of complaints received and replied to the satisfaction of the shareholders during the year ended March 31, 2010 were 4. There were no complaints outstanding as on March 31, 2010.

#### 7. General Body Meetings

The last three Annual General Meeting were held as under :

Year	Date	Time	Venue	Whether any special resolutions passed
2008-2009 period of 12 months (01.04.2008-31.03.2009)	21.08.2009	10:00 A. M.	Merchant's Chamber of Commerce, 15B, Hamenta Basu Sarani, Kolkata-700 001	Yes
2007-2008 period of 12 months (01.04.2007-31.03.2008)	12.08.2008	10:00 A. M.	Do	Yes
2006-2007 period of 6 months (01.10.2006-31.03.2007)	29.09.2007	10:00 A. M.	Rotary Sadan, Sripati Singhania Hall, 94/2, Chowringhee Road, Kolkata-700 020	Yes

#### Postal Ballot:

No special resolutions were required to be put through postal ballot last year. Pursuant to the recommendations for passing of certain important matters through postal ballot, it is confirmed that there was no special resolutions which were required to be conducted through postal ballot.

#### 8. Disclosures:

- (a) **Disclosure on material significant related party transactions i.e., transactions of the Company of a material nature with its Promoters, the Directors or the Management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large. Declarations have been received from the senior management personnel to this effect**



The Company has entered into few transactions with the related parties (Promoters, the Directors or the Management, their subsidiaries or relatives, etc) the details whereof have been given in notes to the Accounts in the Annual Report. However these are not prejudicial to the interest of the Company. The material, financial and commercial transactions with related parties is reported to Audit Committee regularly.

- (b) **Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets during the last three, years**

None in the last three years.

- (c) **Details of compliance with mandatory requirements and adoption of the non-mandatory requirements of Clause 49 :**

The Company has duly complied with all the mandatory requirements of the Clause 49 pertaining to Corporate Governance of the Listing Agreement with the Stock Exchanges. The Company has filed its confirmation to that effect with the concerned Stock Exchanges. Adoption of Non-mandatory requirements of Clause 49 of the Listing Agreement is being reviewed by the Board from time to time.

#### 9. CEO/CFO Certification :

The CMD has certified to the Board w.r.t. financial reporting, in the manner required under the Clause 49, concerning the Annual Financial Statement.

#### 10. Means of communication

- Quarterly results are published in leading daily newspapers viz, 'Business Standard'/'Financial Express'/'Asian Age'(English) and 'Arthik Lipi'/'Duranta Barta' (Bengali). The Annual Report is posted to every Shareholder of the Company
- Management's Discussion & Analysis Report forms part of this Annual Report, which is also posted to all Shareholders of the Company.
- Official news releases are given to the press from time to time.
- Presentations made to the institutional investors or to the analysts. as and when required.

#### 10. General Shareholders Information

##### 10.1. Annual General Meeting

- Date and Time : 24<sup>th</sup> September, 2010 at 3.30. P. M.
- Venue : "Aaikatan", IA-209, Sector-III, Salt Lake, Kolkata-700 097

##### 10.2 Financial Calendar (already published & tentative) :

Results for quarter ending June 30, 2010	Second week of August, 2010
Results for quarter ending Sept 30, 2010	Second week of Nov, 2010
Results for quarter ending December 31, 2010	Second week of February, 2010
Results for year ending March 31, 2011 (Audited)	Last week of May, 2011
<b>AGM for the year ending March 31, 2011</b>	<b>September, 2011</b>

- 10.3. **Book closure date** : 17<sup>th</sup> September, 2010 to 24<sup>th</sup> September, 2010  
(both days inclusive)
- 10.4. **Dividend payment date** : No dividend is recommended by  
the Board of Directors for the year
- 10.5. **Listing of Equity Shares on** : Bombay Stock Exchange Ltd.  
  
The National Stock Exchange of India Ltd.  
  
The Company has paid Listing Fees for  
2010-2011 to both the Stock Exchanges.
- 10.6. **(a) Stock Code** : National Stock Exchange: POLARIND EQ  
Bombay Stock Exchange: 504288
- (b) Demat ISIN Number in** : ISIN No.INE057B01010  
**NSDL & CDSL for Equity Shares**

**10.7. Stock Market Price of the Company's share**

2009-2010	National Stock Exchange (in Rs.)		Bombay Stock Exchange (in Rs.)	
	High Price	Low Price	High Price	Low Price
Month				
April, 2009	4.35	3.45	4.48	3.50
May, 2009	8.00	3.65	8.24	3.60
June, 2009	8.65	4.65	8.60	4.91
July, 2009	5.40	4.70	5.46	4.75
August, 2009	5.15	4.60	5.21	4.68
September, 2009	5.30	4.05	5.30	4.32
October, 2009	4.80	3.50	4.87	3.50
November, 2009	5.30	3.25	5.30	3.12
December, 2009	6.00	4.40	5.99	4.43
January, 2010	5.25	4.50	5.25	4.35
February, 2010	5.60	4.60	5.37	4.49
March, 2010	5.45	4.60	5.18	4.42

**10.8. Registrar and Transfer Agents :**

M/s. MCS Limited, 77/2A, Hazra Road Kolkata - 700 029 (Tel. No.:- 2454-1892/3), a SEBI registered Registrar, are the Registrar & Share Transfer Agent of the Company and are processing the transfers, sub-division, consolidation, splitting of securities, etc. The Company's shares can be traded in the Stock Exchanges only in the dematerialized form and any request for dematerialization and rematerialisation should be sent directly to M/s. MCS Limited, 77/2A, Hazra Road, Kolkata - 700 029. The Company has already entered into agreements with NSDL and CDSL for the purpose of dematerialization of shares.

**10.9. Share Transfer System**

Presently, the request for share transfers which are received in physical form are processed and the share certificates returned within a period of 10 to 15 days from the date of receipt, subject to the documents being valid and complete in all respects.

10.10 Shareholding Pattern and Distribution of Shareholding as on 31<sup>st</sup> March, 2010:Shareholding Pattern as on 31<sup>st</sup> March, 2010 :

Shareholders	No of shareholders	No of shares held	Percentage to total issued shares
Promoter Group	13	7918470	37.35
Financial Institution/ Banks/ Mutual Funds	9	5465229	25.78
NRIs	27	22670	0.11
Private Bodies Corporate	269	1889499	8.91
Individual Public	9953	5906200	27.85
<b>T O T A L</b>	<b>10271</b>	<b>21202068</b>	<b>100.00</b>

Distribution of Shareholding as on 31<sup>st</sup> March, 2010 :

Range of Shares	No. of Shares	No. of Folios	Percent Shares	Percent Folios
1 - 500	1008863	9028	4.7583	87.7271
501 - 1000	488949	575	2.3061	5.5874
1001 - 2000	472229	310	2.2273	3.0123
2001 - 3000	242326	94	1.1429	0.9134
3001 - 4000	118167	33	0.5573	0.3207
4001 - 5000	235614	49	1.1113	0.4761
5001 - 10000	688056	94	3.2452	0.9134
10001 - 50000	1344037	63	6.3392	0.6122
50001 - 100000	731154	10	3.4485	0.0972
and above	15872673	35	74.8638	0.3401
<b>TOTAL</b>	<b>21202068</b>	<b>10291</b>	<b>100.00</b>	<b>100.00</b>

## 10.11. Dematerialization of Shares :

As per the notification issued by SEBI , the shares of the Company are traded compulsorily in dematerialized form by all investors w.e.f. 28.11.2000 (in NSDL) and 22.12.2000 (in CDSL).

As on 31<sup>st</sup> March, 2010, 48.07% of the Company's paid up equity representing 10190833 shares were held in demat form.

No. of shares in physical segment	11011235	51.93%
No. of shares in demat segment	10190833	48.07%

The break up of unlisted 1,00,71,655 Equity Shares held in physical form are as under:

The Company allotted 25,04,500 equity shares (bearing distinctive nos.11130414-13634913) on 29.07.04 in physical form. The Company did not receive in-principal approval for listing of 25,04,500 equity shares on Bombay Stock Exchange & National Stock Exchange. The Company is following up the matter with the Stock Exchanges for obtaining in principle approval for listing of shares which is still pending due to some of the shares of allottees still being in physical form which are lying pledged with FI & Bank.

The Company converted warrants into 44,92,855 Equity Shares (bearing distinctive nos.13634914-18127768) on 20.08.07 and issued the same in physical against allotment of 70,00,000 warrants issued on 14th October, 2005. The Company vide its letter dated 11.06.2008 had applied to Bombay Stock Exchange & National Stock Exchange for in-principal approval for final Listing of the same. The in-principal approval for Final Listing of the same is pending as on date.

As settlement of part of its dues to Asset Reconstruction Company India Limited (ARCIL), the Company allotted 30,74,300 Equity Shares to ARCIL on Preferential basis so as to give ARCIL equal to 14.5% of the post expanded capital with face value of Rs.10 each on 23.06.2009 after receiving in principal approval from both the Stock Exchanges. The in-principal approval for Final Listing of the same is pending as on date.

**10.12 Outstanding GDRs/ ADRs/ Warrants/ Any Convertible Instruments, conversion date and likely impact on Equity**

The Company has not issued any GDRs, ADRs. However 39,00,000 Zero Coupon Convertible Warrants (ZCCWs) carrying a right to subscribe to an equal number of equity shares at a price of Rs.11.51 including premium of Rs.1.51 have been allotted on 03.07.2009 to the Associates of Promoters on preferential basis. These warrants are convertible into equity shares within 18 months from the date of allotment.

10.13 **Plant locations** : **Sumach Division**  
58/4/2A, B.T. Road, Kolkata - 700 002

10.14. **Investor Correspondence**  
For Transfer/Dematerialisation of shares : MCS Limited  
payment of dividend on shares, interest 77/2A, Hazra Road  
and redemption of debentures, and any Kolkata - 700 029  
other query relating to the shares and Ph. No.: (033)2454-1892/3  
debentures of the company

For shares held in demat form : To the Depository Participant

Any query on Annual Report : Secretarial Department  
Polar Industries Ltd.  
51, Ezra, Street  
Kolkata - 700 001  
cs@polarinc.com

**11. The Details of adoption / non-adoption of the non-mandatory requirements as specified in Annexure ID of Clause 49 are as under:****a) The Board**

The Chairman of the Company being an executive Chairman, this requirement is not applicable to the Company.

The Board has not adopted the non-mandatory requirement regarding limiting the maximum tenure of the Non-executive Directors to three terms of three years each.

**b) Remuneration Committee**

The Board has a Remuneration Committee whose terms of reference, composition and other relevant particulars have been mentioned in this report.

**c) Shareholders Rights**

The Company does not send any communication to shareholders covering financial performance or summary of the significant events on half-yearly basis. Instead, the Company publishes the quarterly financials results in major newspapers. Further significant events are informed to the Stock Exchanges from time to time.

**d) Audit qualifications**

Observations of the Auditors in their report to the members have been appropriately addressed in the Directors' Report and Notes to the accounts.

**e) Training of Board Members**

The members of the Board, being well versed in their respective area of functioning, are aware of their responsibilities as directors and the best ways to discharge them.

**f) Mechanism for evaluating non-executive Board Members**

The matter has not, as yet, been considered by the Board members.

**g) Whistle Blower Policy**

The Company has not adopted any Whistle Blower Policy. However, the Company promotes ethical behaviour in all its business activities and has put in place mechanism of reporting illegal or unethical behaviour. Employees are free to report to the management, concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy. The Directors and Senior management are obliged to maintain confidentiality of such reportings and ensure that the whistle blowers are not subjected to any discriminatory practices.

No person has been denied access to the Audit Committee.

**AFFIRMATION OF COMPLIANCE WITH  
THE CODE OF CONDUCT  
FOR DIRECTORS AND SENIOR EXECUTIVES**

I, Anil Agarwal, Chairman & Managing Director of the Company declare that the Company has received affirmation of compliance with "Code of Conduct for Directors and Senior Executives" laid down by the Board of Directors, from all the Directors and Senior Management personnel of the Company, to whom the same is applicable, for the financial year ended March 31, 2010

Place : Kolkata  
Date : 29th May, 2010

**Anil Agarwal**  
Chairman & Managing Director

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**COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE**

To  
The Member of  
Polar Industries Limited

We have examined the compliance of conditions of Corporate Governance by Polar Industries Ltd. for the year ended 31<sup>st</sup> March, 2010, as stipulated in 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 implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, *subject to the following* :-

- (i) *No annual operating plans, Revenue & Capital budget were placed before the board.*
- (ii) *Code of Conduct of the Company has not been posted on the website of the Company.*
- (iii) *Company does not have risk assessment and minimization procedure to inform the board members.*

We certify that the Company has complied with the conditions of Corporate Governance as stipulated in above mentioned Listing Agreement.

We state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Place: Kolkata  
Date: 29<sup>th</sup> May, 2010

**For SINGHI & CO.**  
Chartered Accountants  
Firm Regn. No. 302049E  
**B.K. SIPANI**  
Partner  
Membership No.88926

**AUDITOR'S REPORT TO THE SHAREHOLDERS**

We have audited the attached Balance Sheet of POLAR INDUSTRIES LTD., as at 31<sup>st</sup> March, 2010 and also the Profit and Loss account and 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.

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 management, as well as evaluating, the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 (as amended) 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.

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, *subject to notes given in paragraph (vi) below*, have been kept by the Company so far as appears from our examination of those books and proper returns adequate for the purpose of our audit, have been received from the Sales depots not visited by us. The reports on the account of branches audited by other auditor have been forwarded to us and have been appropriately dealt with by us in preparing our report.
- iii. The Balance Sheet, Profit and Loss account and Cash Flow statement dealt with by this report are in agreement with the books of account and with the returns from the sale depots.
- iv. In our opinion, the Balance Sheet, Profit and 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 *subject to notes given in paragraph (vi) below*.
- v. On the basis of written representations received from the directors as on 31<sup>st</sup> March' 2010 and taken on record by the Board of Directors, *we report that two of the directors are disqualified as on 31<sup>st</sup> March 2010 from being appointed as directors in terms of clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956.*
- vi. (a) *Regarding corporate guarantees given in excess of limit approved by the shareholders and considered the same as contingent liability by the management and not provided for as referred in note no. 3 in Schedule 20.*
  - b ) (i) *Regarding debt acquired by ARCIL which is subject to compliance of terms & condition and recalling of loan and demanding of others payments as referred in Note No B-4 (a) to (f) . Pending negotiation with the ARCIL we are unable to comment about impact on the liquidity position of the company due to recalling of loan / demanding of others payments and consequent impact on the ability of the company to continue business.*
  - (ii) *Regarding sale of residential property and provisional adjustment thereof in accounts and Possession of another property by ARCIL as referred in note no B-4(e) & (g) in Schedule 20. We are unable to comment about impact on the profit for the year due to non – availability of required information.*
  - (iii) *Regarding non-provision of Interest Rs. 37, 71,900 (till date Rs.75,43,800 ) on remaining loan as referred in Note no B-4(h) and consequent impact thereof on profit for the year.*
- (c) *Regarding valuation of finished goods stock for Rs. 86, 40,825 pertaining to discontinued business segment and non provision of interest, demurrages etc on the goods lying in custom bonded warehouse for which amount was not ascertained as referred in note no.6 in Schedule 20. We are unable to comment about the extent of realization on such stock and impact thereof including non-provision referred above on profit for the year.*
- (d) *Regarding preparation of accounts on going concern basis as referred in Note No.B-7 in Schedule 20. The company has sold a substantial part of its fixed assets during the year covered by our report. According to the information and explanations given to us, the company has so far not made any plan to replace the substantial part of the fixed assets that have been sold. The company has also negative net worth, substantial negative working capital, inability to pay its debts repayments / creditors etc indicating that going concern assumption may no longer be appropriate. Therefore, in our opinion, there exists substantial doubt that the company will be able to continue as a going concern for the foreseeable future. Consequently, adjustment may be required to the recorded amount of assets and classification of liabilities. The financial statement (and notes thereto) do not disclose this fact.*
- (e) *Regarding pending recovery of advances / dues aggregating Rs 2, 63, 01,835 from various parties and ex- employees as referred in Note No B-8 in Schedule 20 . We are unable to comment about the extent of realization of such advances / dues due to uncertainty involved.*

- (f) Regarding refusal of insurance claim for Rs. 6,76,27,254 by the insurance company but considered good by the company as referred in Note No B-15 in Schedule 20. We are unable to comment about the realizability of the claim pending decision of the National Consumer Forum.
- (g) Regarding remuneration paid in earlier year to an Ex-Executive Director for which Central Government approval is awaited as referred in Note No. B- 23(b) in Schedule 20.
- (h) Regarding non-provision and non-ascertainment of interest / penalties on various outstanding statutory dues as referred in note no B-26 in Schedule 20. We are unable to comment about the impact on the profit for the year due to non ascertainment of amount.
- vii. Subject to our comments given in (vi) above, 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, in particular Note No.B-10, ,B-13, B-14 and B-17, in Schedule 20, 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 31<sup>st</sup> March, 2010.
- b) In the case of the Profit and Loss account, of the profit of the Company for the year ended on that date and
- c) In the case of Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For SINGHI & CO.  
Chartered Accountants  
Firm Regn. No. 302049E  
B. K. Sipani  
Partner  
Membership No. 88926

Place : Kolkata  
Date : 29th May, 2010

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ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE

Re : Polar Industries Limited

- (i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.
- b) According to the information and explanations given to us, fixed assets of significant value have been physically verified by the management during the year in accordance with a phased programme of verification adopted by the company. In our opinion, the frequency of verification is reasonable having regard to the size of the company and the nature of its fixed assets. The discrepancies noticed on such verification were not material and have been properly dealt with in the books of account.
- c) In our opinion and according to information and explanations given to us, the Company has disposed off substantial part of its fixed assets during the year. The company has so far not made any plan to replace the fixed assets that have been sold, therefore there are substantial doubt about the company's ability to continue as a going concern in the foreseeable future.
- (ii) a) As explained to us, inventories (except stock lying with third parties) were physically verified by the management during the year at reasonable intervals.
- b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) In our opinion and according to the information and explanations given to us, the Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) A. According to the information and explanations given to us, the Company has not taken any loan during the year from any party covered in the register maintained under Section 301 of the Companies Act, 1956.
- B. (a) The company has granted in earlier years advances including capital advance, loans and other receivables in the nature of interest-free unsecured loans to a company-covered u/s 301 of the Companies Act, 1956. The maximum amount involved during the year and year end balance were Rs.31,84,83,228.
- (b) No interest was charged on the above advances. In our opinion other terms & condition were prejudicial to the interest of the Company due to non-charging of interest, unsecured in nature & no covenants with regard to the repayment & weak financial position of the above company. The company has written off Rs 27,84,83,228 during the year against the provision made in earlier year as referred in Note no B-14 in Schedule 20.
- C. The company has taken unsecured interest free credit on current account aggregating Rs. 38,83,974 and debit aggregating Rs. 2,70,17,504 on current account during the year from two bodies corporate listed in the register maintained under section 301 of the Companies Act, 1956. Maximum balance during the year was Rs. 2,53,84,204 (Net) as payable and year end balance was Rs.4,03,550(Net) as receivable. However, there is no stipulation as to interest on these transactions.



- (iv) In our opinion and according to the information and explanations given to us, there is adequate internal control system 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, no major weakness has been noticed in internal control system.
- (v) a In our opinion and according to the information and explanations provided by the management, we are of the opinion that the particulars of contract or arrangements 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 explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of five lakhs rupees in respect of any party during the year, have been made at prices, which are, prima facie, reasonable having regard to the 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 directives issued by the Reserve Bank of India and provisions of Section 58A and 58AA of the Companies Act, 1956 and rules framed there under with regard to the deposits accepted from the public except non filing of Return of Deposits. The order passed by Company Law Board in earlier year has been complied with.
- (vii) In our opinion, the Company has no internal audit system during the year except in one division upto September, 2009, commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
- (ix) a According to the records of the Company, the Company was not regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, services tax, wealth tax, custom duty, excise duty, cess and other statutory dues applicable to it with the appropriate authorities. The undisputed outstanding statutory dues as at the year end for a period of more than six months from the date they became payable were Fringe Benefit Tax Rs 44,93,612, Sales Tax/ VAT Rs.4,41,55,700, TDS Rs.47,61,732, TCS Rs. 48,872 PF Rs 87,95,590, Professional tax Rs 9045 and service tax Rs 2172 . The company has applied for remission of custom duty Rs 1,58,10,965 on stock lost on fire in earlier year . Pending remission of duty by custom department, the company has not deposited the same. The company has not provided and ascertained interest / penalties on outstanding statutory dues except partial interest on outstanding sale tax / VAT, hence same have not been included in above.
- b According to the records of the Company, there are no dues outstanding of sales tax, income tax, service tax, custom tax, wealth tax, excise duty and cess on account of any dispute, other than the following (to the extent quantified by the assessing authorities):

Nature of Dues	Amount (Rs.)*	Forum where disputes are pending
Central and States Sales Tax	1,05,07,748	Sales Tax Appellate Authorities
	148,56,050	Rajasthan High Court
	76,95,597	Sales Tax Tribunal
Central Excise Duty	3,11,449	Central Excise Tribunal
	3,44,60,124	Allahabad High Court
	8,52,792	Commissioner of Excise
	64,72,404	In the process of filing appeal with CESTAT

\*Net of payments made.

- (x) The Company has accumulated losses at the end of the financial year which are not less than fifty percentage of its net worth. However, it has not incurred cash loss in the current financial year but has incurred cash loss in immediately preceding financial year.
- (xi) Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the Company has defaulted in repayments of Rs 6,79,75,501 to Industrial Investment Bank of India Limited, which were due from the year 2004-05 and onwards. In view of CDR sanction, interest amounting to Rs.75,43,800 has not been provided and not included in the above. Subsequent to restructuring of loans under CDR mechanism and acquisition of loans by ARCIL, the company has defaulted in payments of Rs 12,50,00,000 to ARCIL which were due from 2007-08 and onwards.

- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted any loan and advance on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society, therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 (as amended), are not applicable to the Company.
- (xiv) The Company does not deal or trade in shares, securities, debentures and other securities except that it has investments of long-term nature in shares and these are held in the name of the Company except to the extent of the exemption granted under Section 49 of the Companies Act, 1956.
- (xv) According to the information and explanations given to us, the Company has given in earlier years corporate guarantees aggregating Rs.116,69,65,819 (to the extent of outstanding dues) and pledging of investment having carrying value of Rs. 20,66,250 at year end in favour of financial institution/bank & others for loans taken by other bodies corporate/firms. In our opinion, terms and conditions of such corporate guarantees and pledging of investments are prejudicial to the interest of the Company in view of the weak financial position of the said companies/firms.
- (xvi) To the best of our knowledge and belief and according to the information and explanations given to us, company has not obtained any term loan during the year.
- (xvii) According to the information and explanations given to us, company has not raised any fund during the year on short term basis.
- (xviii) According to the information and explanations given to us, the company has not made any preferential allotment of shares to parties or companies covered in register maintained under Section 301 of Companies Act, 1956.
- (xix) The Company has yet to create securities in respect of debentures outstanding at the year end.
- (xx) The Company has not raised any money through a public issue during the year.
- (xxi) Based on our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practice in India and according to the information and explanations given to us, no fraud on or by the Company, noticed or reported during the year.

For SINGHI & CO.  
Chartered Accountants  
Firm Regn. No. 302049E  
B. K. Sipani  
Partner  
Membership No. 88926

Place : Kolkata  
Date : 29th May, 2010

BALANCE SHEET AS AT 31ST MARCH, 2010	Schedule	As at 31st March, 2010 Rs.	As at 31st March, 2009 Rs.
SOURCES OF FUNDS			
A SHAREHOLDERS' FUND			
Share Capital	1	214520680	183777680
Zero Coupon Convertible Warrants		11222250	-
Reserves & Surplus	2	289470417	308649230
Zero Coupon Convertible Warrant Application Money (Refer note B-2(b) of Schedule 20)		7750	7550000
		<u>515221097</u>	<u>499976910</u>
B LOAN FUNDS			
Secured Loans	3	352307550	659568361
Unsecured Loans	4	21762822	85359486
		<u>374070372</u>	<u>744927847</u>
TOTAL		<u>889291469</u>	<u>1244904757</u>
APPLICATION OF FUNDS			
A FIXED ASSETS			
Gross Block	5	53901094	192392293
Less : Depreciation and impairments		17868062	82975279
Net Block		<u>36033032</u>	<u>109417014</u>
B INVESTMENTS			
	6	2657149	9060612
C CURRENT ASSETS, LOANS & ADVANCES			
Inventories	7	12295849	111811969
Sundry Debtors	8	6915619	157455359
Cash & Bank Balance	9	2839427	25570400
Loans & Advances	10	168866868	175914213
		<u>190917763</u>	<u>470751941</u>
Less : CURRENT LIABILITIES & PROVISIONS			
Current Liabilities	11	805052865	942484479
Provisions	12	6520817	32341991
		<u>811573682</u>	<u>974826470</u>
NET CURRENT ASSETS		<u>(-)620655919</u>	<u>(-)504074529</u>
D PROFIT & LOSS ACCOUNT-DEBIT BALANCE			
		<u>1471257207</u>	<u>1630501660</u>
TOTAL		<u>889291469</u>	<u>1244904757</u>
NOTES ON THE ACCOUNTS	20		
SCHEDULE 1 TO 12 and 20 referred above form an integral part of the Balance Sheet			

As per our Report of even date attached

For and on behalf of the Board of Directors

For SINGHI & CO.  
Chartered AccountantsB. K. Sistani  
Partner  
M.No. 88926

Anil Agarwal Chairman &amp; Managing Director

Sunil Agarwal Director

Place : Kolkata  
Date : 29<sup>th</sup> May, 2010

Santa Agarwal Company Secretary

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010	Schedule	As at	
		31 <sup>st</sup> March, 2010	31 <sup>st</sup> March, 2009
		Rs.	Rs.
<b>INCOME</b>			
Sales & Services	13	21,184,285	9,485,307
Less : Excise Duty		1,363,904	1,241,972
Net Sales		19,820,380	9,361,110
Other Income	14	3,025,741	1,257,639
Closing Stocks	15	1,084,678	1,048,429
		<u>51,160,810</u>	<u>11,667,179</u>
<b>EXPENDITURE</b>			
Opening Stocks	16	1,048,429	2,075,204
Purchases of Finished Goods		2,718,334	6,325,822
Raw material Consumed	17	6,944,186	7,994,479
Expenses	18	1,373,500	3,978,463
		<u>33,881,815</u>	<u>13,178,938</u>
Profit / (Loss) before Amortisation, Depreciation, Finance Cost, Exceptional items and Tax		17,278,985	(151,175)
Finance Cost	19	9,252,741	1,627,659
Depreciation		5,463,735	8,552,414
Less : Transfer from Revaluation Reserve		11,710,791	14,699,951
		<u>15,924,445</u>	<u>(1,745,495)</u>
Profit / (Loss) before Exceptional Items and Tax Exceptional items - (Refer note B-14 Schedule 20)		15,924,445	(1,745,495)
Bad Debts / advance written off		2,784,832	0
Provision for doubtful debts / advance		<u>2,784,832</u>	<u>0</u>
Principal amount of Loan & Interest written back		0	2,992,336
Profit / (Loss) Before Tax		15,924,445	(1,446,159)
Provision for Taxation			
-Fringe Benefit Tax		0	1,770,284
Profit / (Loss) after tax		<u>15,924,445</u>	<u>(1,463,817)</u>
Transfer from Debenture Redemption Reserve		0	5,531,650
Profit / (Loss) brought forward from the previous year		(16,305,166)	(14,896,514)
		<u>(14,712,572)</u>	<u>(16,305,166)</u>
<b>ACCOUNTING POLICIES AND NOTES ON THE ACCOUNTS</b>			
Schedule 13 to 19 referred above form an integral part of the Profit & Loss Account	20		
<b>Earning per Share (EPS)</b>			
<b>Basic and Diluted EPS</b>			
(Equity Shares of face value of Rs. 10/- each) (Refer Note No. B-21 Schedule 20)			
i) Before exceptional items		7.84	(9.75)
ii) After exceptional items		7.84	(8.10)

As per our Report of even date attached

For and on behalf of the Board of Directors

For SINGHI & CO.  
Chartered AccountantsB. K. Sistani  
Partner  
M.No. 88926Anil Agarwal Chairman & Managing Director  
Sunil Agarwal Director  
Smita Agarwal Company SecretaryPlace : Kolkata  
Date : 29<sup>th</sup> May, 2010

SCHEDULE FORMING PART OF ACCOUNTS  
SCHEDULE 1 TO 20

SCHEDULE 1 SHARE CAPITAL	As at	
	31st March, 2010	31st March, 2009
	Rs.	Rs.
Authorised		
2,77,50,000 Equity Shares of Rs. 10 each	277500000	277500000
25,000 14% Redeemable Cumulative Preference Shares of Rs.. 100 each	2500000	2500000
	<u>280000000</u>	<u>280000000</u>
Issued, Subscribed & Paid up		
2,12,02,068 Equity Share of Rs. 10 each fully paid (Previous Year 18127768)	212020680	181277680
25,000 14% Redeemable Cumulative Preference Shares of Rs. 100 each (Refer Note No. B-2 (a) of Schedule 20)	2500000	2500000
	<u>214520680</u>	<u>183777680</u>

Of the above :

22,98,931	Equity Shares allotted as fully paid up bonus shares out of General Reserves of the Company.
17,70,043	Equity Shares allotted to the shareholders of erstwhile Polar Electrotech Ltd & Polar Fan Industries Ltd. consequent upon its merger with the company.
21,75,884	Equity Shares allotted to the Financial Institutions & Banks otherwise than in cash towards One time Settlement of dues payable by Polar Ferro Agglomerates Ltd. Polar Forging & Tools Ltd. & Hayzen India Ltd.
10,57,835	Equity Shares allotted to the Financial Institution otherwise than in cash in terms of restructuring share.
30,74,300	Equity Shares allotted during the year to the ARCIL on conversion of loan as per agreed terms & conditions. Refer Note No. 4 (a) of Schedule 20.

SCHEDULE 2  
RESERVES AND SURPLUS

PARTICULARS	As at		As at	
	31st March, 2009	ADDITONS	DEDUCTIONS	31st March, 2010
	Rs.	RS.	RS.	Rs.
Capital Reserve	4173143	0	0	4173143
Revaluation Reserve*	23547338	0	19178813*	4368525
Securities Premium Account	274638499	0	0	274638499
Debenture Redemption Reserve	3790250	0	0	3790250
Preference Shares Redemption Reserve	2500000	0	0	2500000
	<u>308649230</u>	<u>0</u>	<u>19178813</u>	<u>28940417</u>

\*Transferred Rs. 1,80,07,734 adjusted against fixed assets on sale and Rs. 11,71,079 transferred to profit &amp; Loss A/c. and adjusted against depreciation.

SCHEDULE 3 SECURED LOANS	As at	
	31st March, 2010	31st March, 2009
	Rs.	Rs.
1) Debentures *	15161000	15161000
2) Debts acquired by M/S Assets Reconstruction Company (India) Limited (ARCIL) & a NBFC* From a Financial Institution**	267015599	572758599
a) Rupees Term Loan	34290000	34290000
b) Funded Interest Term Loans	22369800	22369800
c) Interest Accrued on Due on above	<u>11315701</u>	<u>11315701</u>
4) Car Loans from Banks	2155450	3673261
	<u>352307550</u>	<u>659568361</u>

\*Refer Note B-4 (a) to (g) in schedule 20

\*\* Refer Note B-4 (h) in schedule 20

For Security : Refer Note No. B-5 in schedule 20

## SCHEDULE 4

## UNSECURED LOANS

	As at 31st March, 2010 Rs.	As at 31st March, 2009 Rs.
a) Deposits from Dealers	3320859	11430782
b) Loan from Bodies Corporate	15796098	69282840
c) Interest accrued and due on above	2645865	4645864
	21762822	85359486

## SCHEDULE 5

## FIXED ASSETS

	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	Cost at 31.03.09	Addition during the year	Sales/ Adjustments during the year	Cost as as at 31.03.10	Upto 31.03.09	For the year	Deductions/ Adjustment	As at 31.03.10	As at 31.03.10	As at 31.03.09
Leasehold Land	16252274	0	0	16252274	944481	180365	0	1124846	15127428	15307793
Freehold Land	0	0	-	0	0	0	0	0	0	0
Building	80892538	0	57519236 *	23373302	19124783	1935068	12296057	8763794	14609508	61767756
Plant & Machinery etc.	42415849	140256	40561377	1994728	26518100	1891143	26414515	1994728	0	15897749
Furniture, Fixture & Of fice Equipments	44961751	96787	39466578	5591960	34721876	817460	31378613	4160723	1431237	10239875
Vehicles	7863600	0	1181050	6682550	1666039	639699	481767	1823971	4858579	6197561
Trademark	6280	0	0	6280	0	0	0	0	6280	6280
<b>TOTAL</b>	192392292	237043	138728241	53901094	82975279	5463735	70570952	17868062	36033032	109417014
Previous Period	222958120	6920531	37486359	192392293	95988937	8552414	21566072	82975279	109417014	0

1 Vehicles includes purchased under hire purchase scheme.

2 Building on lease hold land Rs. 42,64,595 (Original cost)

\* Includes revaluation reserve of Rs. 18007734

Refer Note B-4 (e) & B-4 (g) in schedule 20

## SCHEDULE 6

## INVESTMENTS

	As at 31st March, 2010 Rs.	As at 31st March, 2009 Rs.
(As Certified by the Management)		
Long Term		
In Equity Shares of Rs. 10 each fully paid		
<u>Quoted (Other than trade)</u>		
9,20,350 (Previous Year 13,65,675) Polar Prama India Ltd. (Refer Note No. B - 9 of schedule 20)	10103046	14996252
<u>In Government Securities</u>		
- National Saving Certificates (deposited with sales-tax authorities)	33500	33500
	10136546	15029752
Less :- Provision for Diminution in Value of Shares	7479397	5969140
	2657149	9060612
Book Value of Quoted Investments	10103046	14996252
Book Value of Govt. Securities Investments	33500	33500
	10136546	15029752
Market value of Quoted Investments	2657149	3291277

	As at 31st March, 2010 Rs.	As at 31st March, 2009 Rs.
<b>SCHEDULE 7</b>		
<b>INVENTORIES</b> (As Certified by the Management) (Including in Transit) (Refer Note No. B-6 Schedule 20)		
Stores & Spares Parts	11338	456309
Finished Goods (including trading goods Rs. 8640825) Previous Year Rs. 76595967)	8640825	84079703
Raw Materials	1437726	6512722
Work-in-Progress	2205960	19348278
Scrap	0	1414957
	<u>12295849</u>	<u>111811969</u>
<b>SCHEDULE 8</b>		
<b>SUNDRY DEBTORS (Unsecured)</b> Exceeding Six months		
Considered Good	6915619	39643643
Considered Doubtful	12047618	6284933
Others		
Considered good	0	117811716
Considered Doubtful	4695751	1655524
	<u>23658988</u>	<u>165395816</u>
Less : Provision for Doubtful Debts	16743369	7940457
	<u>6915619</u>	<u>157455359</u>
<b>SCHEDULE 9</b>		
<b>CASH &amp; BANK BALANCES</b>		
Cash, Cheques & Drafts in hand	570768	2135315
Remittance in Transit	0	10252491
Balances with Scheduled Banks		
Current Accounts (Including no lien account Rs. 9,01,000 (Previous Year 9,01,000))	1987123	12880457
Fixed Deposit Account*	32500	32500
Margin Money Account	248450	269052
Post Office Savings Bank Account*	586	585
	<u>2839427</u>	<u>25570400</u>
*Pledgment with Sales Tax Department		
<b>SCHEDULE 10</b>		
<b>LOANS &amp; ADVANCES</b>		
Considered Doubtful	0	47204783
Advances (recoverable in cash or in kind or for value to be received and/or to be adjusted)		
Considered Good	26522677	29383895
Considered Doubtful	0	2522186
Interest & Other claims (Refer Note No. B -18, Schedule 20)		
Considered Good	93538302	93857081
Considered Doubtful	0	102572664
Deposit with Government Departments and Others	3191496	3728630
Estimated realisable value of assets of IVAL (Refer note No. B-14 of schedule 20)	40000000	40000000
Balance with Central Excise Department	835455	724296
Tax Deducted at Source	1608205	1608209
Excise Duty, Sales Tax etc. Deposit Under Protest	3170733	6612105
	<u>168866868</u>	<u>328213848</u>
Less : Provision for Doubtful	0	152299635
	<u>168866868</u>	<u>175914213</u>



	As at 31st March, 2010 Rs.	As at 31st March, 2009 Rs.
<b>SCHEDULE 11</b>		
<b>CURRENT LIABILITIES</b>		
Sundry Creditors *\$	564808965	768361105
Other Liabilities	77036482	54618306
Credit Balance & Advance from Customers	73828062	36411492
Advance against sale of property now refundable	86832265	81008142
Unclaimed Fixed Deposits (including interest accrued)	10657	241834
Book Overdraft	2536434	1843600
	<u>805052865</u>	<u>942484479</u>
*Refer Note No. 16 in schedule 20		
\$ Refer Note 19 in Schedule 20 for dues to Micro, Small and Medium Enterprises		
<b>SCHEDULE 12</b>		
<b>PROVISIONS</b>		
Provisions for Fringe benefit	4493613	4493613
Provisions for retirement benefits	1027204	9089493
Provisions for Warranty	1000000	18758885
	<u>6520817</u>	<u>32341991</u>
<b>SCHEDULE 13</b>		
<b>SALES &amp; SERVICE ETC.</b>		
Finished goods	210858444	875628002
Scrap	984411	4307806
Finished goods-Insurance claims*	0	67627254
Export Incentives	0	967680
Net sale	<u>211842855</u>	<u>948530742</u>
* Refer Note-B 15 of Schedule 20		
<b>SCHEDULE 14</b>		
<b>OTHER INCOME</b>		
Rent & Maintenance Charges	0	1100870
Interest Income on Fixed Deposit (Gross)	0	10678
(TDS Rs. Nil/previous year Nil)	0	37949
Profit on sale of Long Term Investments (Other than Trade)	4419	0
Provision for Diminution in Value of Shares written back	1949131	
Profit on sales of fixed assets (Refer Note B-4(e) of Schedule 20)	265809934	95170874
Miscellaneous receipts*	745676	17455753
Foreign Exchange Fluctuation	30148299	0
Liability/Sundry balances written back	3899957	11987834
	<u>302557416</u>	<u>125763958</u>
*Includes Nil (previous year Rs. 13607194) being credit for CVD on sale of Imported goods.		
<b>SCHEDULE 15</b>		
<b>CLOSING STOCKS</b>		
Finished Goods	8640825	84079703
Work-in-Progress	2205960	19348278
Scrap	0	1414957
	<u>10846785</u>	<u>104842938</u>
<b>SCHEDULE 16</b>		
<b>OPENING STOCKS</b>		
Finished Goods	84079703	175246541
Work-in-Progress	19348278	26027011
Scrap	1414957	6246926
	<u>104842938</u>	<u>207520478</u>
<b>SCHEDULE 17</b>		
<b>RAW MATERIALS CONSUMED</b>		
Raw Materials & Components Consumed	6512722	12535902
Opening Stock	92974212	77754234
Add : Purchases (Net)	99486934	90290136
Less : Closing Stock	1437726	6512722
: Sale	28607343	3832623
Balance Consumed	<u>69441865</u>	<u>79944791</u>

	As at 31st March, 2010 Rs.	As at 31st March, 2009 Rs.
<b>SCHEDULE 18</b>		
<b>MANUFACTURING, ADMINISTRATIVE, SELLING &amp; OTHER EXPENSES</b>		
<b>MANUFACTURING EXPENSES</b>		
Stores, Spares, Loose Tools & Packing Material Consumed (including obsolete material written off)	12394509	7271836
Power & Fuel	692628	1799872
Job Charges Paid	10138709	6718444
Repairs & Maintenance :		
Building (including rented premises)	142764	2054975
Plant & Machinery	45780	167629
Other Assets	770297	1839357
Excise Duty on (Decrease)/Increase in own Stocks	(-)678094	72366
	<u>23506593</u>	<u>19924479</u>
<b>PERSONNEL EXPENSES (Refer Note No. B-23 Schedule 20)</b>		
Salaries, Wages, Bonus, Gratuity & Other Allowances	30728771	111884499
Contribution to Provident & Other Funds	1494025	7551989
Staff Welfare Expenses	1015569	4312351
	<u>33238365</u>	<u>123748839</u>
<b>ADMINISTRATIVE EXPENSES</b>		
Rent (including Factory Shed Lease Rent)	9837881	13743731
Rates & Taxes	151831	382794
Insurance (including Transit Insurance)	454510	1357243
Travelling & Conveyance (including for Directors)	1614987	17764749
Rs. 151226 (Previous year Rs. 342067)		
Loss on sale of Long Term Investment (other than trade)	0	901421
Director's Sitting fees	20000	24000
Miscellaneous Expenses	23531238	37852413
Legal & Professional charges	2101813	5241985
Compensation paid under contractual agreement	0	21000000
Auditors' Remuneration (Refer Note No. B-24 schedule 20)	425020	604224
Research & Development Expenses	0	210035
Foreign Exchange Fluctuation (Net)	0	48341895
Previous Year Adjustment (Net) (Refer Note B-25 Schedule 20)	374149	325454
Bad debts/advances written off	8179082	1401
Less : Provision for doubtful	7739457	0
Provision for Diminution in value of shares		1401
Provision for Doubtful Debts & Advances	<u>16542367</u>	<u>774862</u>
	<u>58952809</u>	<u>148526207</u>
<b>SELLING &amp; DISTRIBUTION EXPENSES</b>		
Sales Tax & Turnover Tax	292790	1827724
Advertisement & Publicity	1469451	23019612
Commission to Other Selling Agents	1649972	7000920
Royalty	1200000	5550000
Freight & Transportation	7442219	49658690
After Sales Service Charges	7594250	9448503
Provision for Warranty expenses (Net)	1000000	2860916
Cash Discounts	1003564	6280423
	<u>21652246</u>	<u>105646789</u>
<b>TOTAL</b>	<u>137350013</u>	<u>397846314</u>
<b>SCHEDULE 19</b>		
<b>FINANCE COST</b>		
Interest to Bank & Others	8698836	11601520
Bank Charges	110931	84812
Other finance charges	442974	4590261
	<u>9252741</u>	<u>16276593</u>

## SCHEDULE 20

## ACCOUNTING POLICIES AND NOTES ON THE ACCOUNTS

## A STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

## i Basis of Preparation of Financial Statements

- a) The financial statements have been prepared under the historical cost convention and in accordance with the mandatory Accounting Standards notified by the Central Government under the Accounting Standard Rules(2006) and the provision of the Companies Act 1956. All Income and Expenditure are accounted on the accrual basis.

## Use of Estimates :

- b) The preparation of the financial statements requires estimates and assumptions 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. Differences between the actual results and the estimates are recognised in the period in which results are known/materialise

## i Fixed Assets :

Fixed Assets are stated at cost net of market/consumption, less accumulated depreciation and impairment loss, if any, and also include amount added on revaluation of Land, Building, Plant & Machinery and Electrical Installation as on 31.03.1992. Cost includes expenditure incurred in the acquisition and construction / installation and other related expenses. The carrying amount of fixed assets are reviewed at each balance sheet date, if there is any indication of impairment based on internal / external factors, an impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset net selling price and value in use. In assessing value in use, the estimate future cash flows are discounted to their present value at the weighted average cost of capital.

## ii Depreciation :

- a) Depreciation is being calculated on straight line method as per the rates & manner specified in Schedule XIV (as amended) of the Companies Act, 1956 and on amount added on revaluation, depreciation is provided on residual life as estimated by the valuers. Depreciations on addition on rented premises has been provided over the lease period.
- b) Leasehold Land/Building is amortised over the period of the lease.

## ii) Investments :

Investments are stated at cost. Provision for diminution in the value of long term investments is made only if there is a decline other than temporary in return.

## iv Inventories :

Inventories (other than scrap) are valued at lower of cost or net realisable value. Scrap is valued "at estimated realisable value". Cost is determined on FIFO basis. Cost of own manufactured Finished Goods and Work-in-Process includes cost of conversion and other related cost incurred in bringing the inventories to their present condition and location as certified by the Cost Accountant. The valuation is in accordance with the Accounting Standard (AS-2) (Revised) "Valuation Of Inventories."

## vi Provisions :

A provision is recognised when an enterprise has a present obligation as a result of past event; 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 except those disclosed elsewhere in the notes to the financial statements, are not discounted to its present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

## vii Provisions for Warranty :

Product warranty costs are determined on the basis of past reasonable estimates made by the management and provided for in the year of Sale.

## viii Borrowing Costs :

Borrowing Costs incurred in relation to the acquisition, construction of qualifying assets upto the date such assets are ready for intended use are capitalised as part of the cost of such assets. Other borrowing costs are charged as an expense in the year in which they are incurred.

## ix Taxation :

Provision for tax for the year comprises current tax liability and deferred tax which recognises (subject to the consideration of prudence in case of deferred tax assets) timing differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets and liabilities are measured using the tax rates and the tax laws that have been enacted or have substantive effect of actual enactment at the balance sheet date.

## x Sales :

Sales are recognised on delivery or passage of title of the goods to the customer and are inclusive of excise duty and net of trade discounts and sales returns.

## xi Retirement Benefits :

Year end liability for accrued leave is provided on actuarial valuation basis. Year end liability towards Gratuity in respect of eligible employees is provided/funded on actuarial valuation basis.

## xii Foreign Exchange Transaction :

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction. Foreign currency monetary assets and liabilities outstanding at the year end are translated at the exchange rate prevailing as on Balance Sheet date. Exchange rate difference arising on account of conversion/transactions of such assets/liabilities are recognised in Profit & Loss account.

## xiii Research &amp; Development Expenses :

The revenue expenditure on research and development is charged to profit & loss account for the year in which it is incurred. Expenditure which results in creation of capital assets is treated similar to other fixed assets.

## xiv) Contingent Liabilities :

Contingent Liabilities are generally not provided for in the accounts and are separately shown in the schedule of Notes on Accounts, except certainties which are likely to effect the future outcome, are provided as specifically mentioned in the accounts.

## B NOTES ON THE ACCOUNTS

	As at 31st March, 2010 Rs.	As at 31st March, 2009 Rs.
1 Contingent Liabilities not provided for in respect of (Other than as disclosed in notes no. 3, 13 & 17 below)		
a Demand from Central Excise, Sales Tax etc. disputed by the Company* *Amount deposited Rs. 3141733 (previous year Rs. 3773349)	2,17,31,466	2,17,31,466
b Interest on delayed payments to suppliers not provided in accounts** **As on date the extent of uncertainties involved, cannot be determined, hence not provided for.	NIL	1,47,81,382
2 a 14% Redeemable Cumulative Preference Shares were due for redemption during 24.01.1999 to 24.01.2002. However, during the previous period company had applied with General Insurance Corporation of India and its subsidiaries for one time settlement of Principal amount to be repaid within three months from the date of sanction and waiver of outstanding dividend as on date, for which decision is awaiting. As on 31.03.2010 Rs. 37,62,500 (Previous period 34,12,500) were the arrears of dividend @ 14% on above shares		
b The company has allotted 39,00,000 Zero coupon Convertible Warrants of Rs. 11.51 each (Rs. 2.8775 paid up being 25% of the issue price) on 3rd July, 2009 to be converted into equity shares of Rs. 10 each of premium of Rs. 1.51 within 18 months from the date of allotment. The warrant holders shall pay balance 75% of the consideration before conversion into equity share.		
3 a In earlier years, the company has given corporate guarantee to banks and financial institutions on behalf of body corporates and others on account of credit facilities provided by such banks and financial institutions to them and to Government Departments against their disputed demands, based on the informations submitted by the such bodies corporate & others following amounts were overdue as on 31st March 2010. Due to financial constraints all parties have suspended their operations. As on 31st March 2010 corporate guarantees given by the company have not been invoked by the lenders & the Government Departments. Therefore the company continue to consider obligations under these guarantees as contingent liability and not provided for the same. However the company holds counter guarantees from the Chairman and Managing Director to reimburse the outgo, if any, on these accounts.		
To Bank & Financial Institutions		
Polar Phama India Limited	8581756	76046181
Other bodies Corporate	30880726	30880726
Others	2567537	48829
To Govt. Authorities		
Polar Phama India Limited	8887283	8887283
Other bodies Corporate	3531467	3531467
Others	15,000	15,000
Total	<u>1,179,099,569</u>	<u>1,083,147,886</u>
b In earlier years the company has given guarantee to a financial institution for buy back of share of a body corporate at agreed rate within agreed time frame. The agreed time has expired and said financial institution has not invoked the guarantee till date. As on 31.03.10 the company has considered the estimated liability of Rs. 11,69,25,620 (previous year Rs. 9,90,89,509) on this account has contingent liability. However the company holds the counter guarantee by the Chairman & Managing Director to reimburse the outgo, if any, on this account. Above guarantees are in excess of Rs. 29,60,25,189 (previous year Rs. 18,22,37,395) of the approved limit by the shareholders. Increase in dues of M/s Polar Phama India Limited to bank and financial institutions from Rs. 31,03,31,918 to Rs. 85,78,17,556 arised due to non compliance of terms of OIS by EPIL resulting thereby increase in their loan liabilities and consequent impact on the corporate guarantee furnished by the company.		
4 a In earlier years Assets Reconstruction Company (India) Ltd. and a NEFC agreed to acquire and restructure secured debts under CIR Mechanism aggregating Rs. 32,00,00,000 at Rs. 62,07,43,000 to be repaid by issue of 3074300 nos. equity shares at par for Rs. 30,74,300 and the balance debts of Rs. 59,00,00,000 to be repaid over a period of 5 years without any interest. ARCIL & NEFC had acquired the debts including debenture on the basis of individual sanction from all but one lender and the company had considered the same at proportionate restructure value of Rs. 58,79,19,599.		
b As per the sanction of ARCIL & NEFC restructuring would become effective after compliance of certain conditions as mentioned in the sanction letter of ARCIL dated 31.03.2008.		
c During the year the company has issued 30,74,300 equity shares of Rs. 10 each at par aggregating Rs. 3,07,43,000 but failed to pay installments aggregating Rs. 12,50,00,000 on stipulated date due to financial constraint.		
d ARCIL has issued a notice dated 05.05.2009 u/s 13(2) of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act 2002 (SARFAESI) for recalling of its loan and interest thereon & other charges aggregating Rs. 92,17,81,197/-.		
e Thereafter, ARCIL has taken the possession of residential property located at Maharani Bagh New Delhi having value Rs. 3,86,14,213 (WDV Rs. 2,78,83,502) & disposed of the same at undisclosed amount. Despite repeated request by the company, ARCIL has not provided amount realised on sale of property. Pending receipt of information from ARCIL the Company has considered minimum reserve price of Rs. 27,50,00,000 for the purpose of provisional adjustment in the books of accounts.		
f ARCIL has further issued notice dated 26th November 2009 under section 13(2) of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI) for demanding payment of Rs. 73,84,91,390, together with further interest and other amount due at document's date from 27.11.2009 till repayment.		
g Subsequently ARCIL has taken the possession of one of the property located at Noida having value Rs. 1,56,47,141 (WDV Rs. 55,60,669) which		

- was already seized by the UP Sale Tax Department. The Company is taking necessary step to resolve the issue with ARCIL. Pending settlement, no accounting adjustment has been carried out.
- b) Pending sanction from one of the lender, debts aggregating Rs. 6,79,75,501 not acquired by ARCIL, has been shown at the gross value without giving any effect of restructuring. In view of proposed acquisition by ARCIL interest Rs. 37,71,900 (till date Rs. 75,43,800) on the debt has not been provided.
- 5 a) Debentures, Rupee Term Loans, Funded Interest Term Loans (Including the loans acquired by ARCIL and NHC) are secured/to be secured by first pari passu charge on all fixed assets and second charge on the current assets of the company. Working capital loans acquired by ARCIL are secured/to be secured by first charge on the current assets and second charge on the fixed assets. ARCIL loan will be further secured by pledge of equity shares of the company by the promoters to bring their voting rights to a level of 51% post restructuring, including the shares allotted to ARCIL, and also, by pledge of entire share holding of a body corporate owning Polar board. Term Loans are also Guaranteed by Chairman & Managing Director and one of the directors of the company. Also these are further secured by shares pledged by third parties as Collateral Security.
- b) Car loans from Banks are secured by hypothecation of specific vehicles.
- 6 The stock of Finished goods Rs. 86,40,825 under the custom bonded godown is relating to one business segment, the operation of which has been suspended. The stock has been valued at lower of cost or Net Realisable Value. In the opinion of the management these stocks are expected to realise the value at which they have been stated. The company has not provided interest, demurrage charges etc. on above material lying in custom bonded ware house. Amount not ascertained.
- 7 The net worth of the company became negative due to continuous loss incurred by the company and provisions made for doubtful recovery. In view of restructuring/acquisition of loans by ARCIL and its likely impact on the networth, the company is hopeful of recovery, hence account has been prepared on Going Concern basis.
- 8 The Management is taking necessary step to recover advances / dues aggregating Rs. 2,63,01,835 from various parties and ex-employees. Pending recovery, same has been considered good.
- 9 The company has pledged following equity shares of Polar Pharma (India) Ltd. as on 31.03.2010.
- | No of shares                      | Against   |
|-----------------------------------|---|
| 300 (Previous Year 300)           | With financial Institutions against term loan                     |
| 1,95,000 (Previous Year 6,40,000) | With others against unsecured loan/other credit facilities        |
| 7,25,000 (Previous Year 7,25,000) | With others against unsecured loan taken by other body corporate. |
- During the year one of the lender has sold 4,45,000 shares pledged with him having average book value Rs. 48,86,100, without informing the company. The Company is taking necessary legal action against the lender. Pending final information/settlement the company has accounted for sale of share at the estimated rate prevailing in the market.
- 10 Loans, Advances, Sundry Debtors, and Creditors are subject to reconciliation & confirmations. Adjustment, if any, will be carried out on completion of reconciliations & confirmations. The Management do not expect any material adjustment on this account.
- 11 As a measure of prudence, the company has decided not to recognise any deferred tax assets due to substantial unabsorbed depreciation and brought forward losses under the Income Tax Act.
- 12 In the opinion of the management value of Current Assets and other loans and advances, considered good, will be realised at not less than their stated value in the ordinary course of business.
- 13 The Company had executed agreement, jointly with other promoters of Polar Marm Agglomerates Ltd. (PMAL) to buyback 1,85,000 Equity Shares of PMAL, subscribed, by Rajasthan State Industrial & Investment Corporation Limited (RIICO). RIICO has initiated legal action in the Hon'ble High Court at Kolkata for the enforcement of buyback clause. Against the decision of single bench judgment, company has gone into appeal before the full bench of High Court, Kolkata. In terms of the Hon'ble High Court's order, the company has advanced / deposited a sum of Rs. 5,00,000 to a third party who is acting as a custodian. The company has also pledged 5,000 equity shares of PMAL with RIICO as per the Buy back agreement. Shares of PMAL has been written off in the books of accounts.
- 14 In earlier year, the company had discharged the dues of Polar Marm Agglomerates Limited (PMAL) to Financial Institutions & Banks under One Time Settlement (OTS). The Company had total exposure of Rs. 31,84,83,228 in PMAL as on 31st March, 2006 on various accounts including OTS of dues of the said company. In view of winding up recommendation received from BIFR by PMAL (which has been stayed by AAIFR), the management has made provision for doubtful recovery in the earlier year for Rs. 27,84,83,228 net of Rs. 4,00,00,000 being the estimated current realisable value of the assets of said Company as determined by the management. In the current year the management has written off above amount being not recoverable.
- 15 Based on the insurance claim filed by the owner of Custom warehouse, the Company has accounted for insurance claim of Rs. 6,76,27,254 in the previous year. In current year the insurance Company has declined the claim against which the Company has filed the petition in the National Consumer Forum Delhi, pending decision of the Forum the company has considered above claim as good for recovery. Further custom duty Rs. 1,58,10,965 on above stock remains unprovided and unpaid as the company has applied for the remission of the same.
- 16 The Company has secured the trade dues of M/s. K.K.G Industries and M/s. Excellent Moulders by Land & building at SIDDL Haridwar. However, allotment related to this land is under litigation with State Authorities.
- 17 a) In earlier years the sales tax authorities had disallowed certain transactions of the sale by a Branch and raised demand of Rs. 1,48,56,050. The company has filed a writ petition against the order in the Hon'ble High Court of Rajasthan. The Hon'ble High Court had remanded back to the assessing authority for fresh hearing, but the Sales Tax Department had filed revision petition before the Hon'ble High Court against the remand order. The management is of the opinion that there would not be any liability in this case and therefore, no provision is made in the books of accounts.
- b) In one of the unit, the company has disputed the basis of determination of assessable value for payment of excise duty on post manufacturing expenses for the period from 01.04.81 to 30.09.84 and preferred an appeal with the Appellate Authorities. The said appeal is yet to be disposed off and in the absence of the decision of Appellate Authorities, it is difficult to ascertain the Excise duty liability if any.
- c) In two units of the company demand arising from the order of the Central Excise Authorities passed on 02.05.02 in pursuance of Show Cause notice received in the year 1999-2000 was set aside in appeal by CBGAT with direction to recompute the duty demand for the period within the permissible time limit U/s 11A of the Act. Pending receipt of final order recomputing such demand from the Central Excise Authorities, an amount Rs. 1,33,652 was provided in earlier year and paid.
- d) The Central Excise Department has raised demand and penalty of Rs. 8,52,792 on the unit as per objection raised by CERA against which company has already filed an appeal to Commissioner on 25.05.2009. Based on legal opinion, management was of the opinion that there will not



be any liability against this demand Order of the Excise Commissioner Dt. 15.02.2010 received by company whereby the stay and waiver of predeposit was rejected. The Company has filed a Misc. Application on 26.02.2010 for waiver starting financial constraint and BIFR status of the company.

- e) The Central Excise Department has raised demand and penalty of Rs. 74,73,404 for the period 01.10.2001 to 09.02.2005 against which the company has filed an appeal with CESTAT. The unit has paid Rs. 10,01,000 against the said demand which has been disclosed under Loan & Advances.

	As at 31st March, 2010 Rs.	As at 31st March, 2009 Rs.
18. Interest & Other claims comprises of :		
Interest on capital advance	0	224886
Arbitration Claim	0	500000
Capital Subsidy	6763375	935005
Sales Tax	340822	243979
Claim for refund of CVD	2266410	2266410
	<u>9353830.2</u>	<u>19642745</u>
19. The Company has no information from its suppliers being registered under Micro, Small & Medium Enterprises as defined under MSME Act 2006. Hence requirement regarding payment within specified date, interest on payment beyond specified date, if any, and other disclosure requirement in Annual Accounts could not be determined/provided.		
20. No forward contracts/hedging instruments are outstanding at the Balance Sheet date. As on the Balance Sheet date amount payable for unhedged foreign currency exposures was Rs. 22,99,01,518 (previous year Rs. 26,00,49,817)		
21. Earnings per Share (EPS) :		
a) Calculation of Weighted Average Number of Equity Shares of Rs. 10 each		
Basic & Diluted		
Number of Shares at the beginning of the year	1812768	1812768
Additions during the year	37480	0
Number of Shares at the end of the year	212008	1812768
Weighted Average of the Number of Shares	20258721	1812768
Profit/(Loss) after exceptional items & Tax for the year (in Rupees)	15244454	(146381876)
Add : Dividend on Cumulative Preference Shares for the year including Dividend Tax	4948	4948
Profit/(Loss) after Tax attributable to Equity Shares (in Rupees)	158834971	(146791388)
Less : Exceptional Item (Net)	0	292361
Net Profit/(Loss) before exceptional items attributable to equity shares (in Rupees)	158834971	(17671479)
Basic & Diluted Earnings per share (in Rupees)		
i) Before exceptional items	7.84	(9.75)
ii) After exceptional items	7.84	(8.10)
22. Profit & Loss on sale of Raw Materials, being not material, remains adjusted in Raw Material consumption account.		
23. a) Personnel Expenses Cost includes Directors' Remuneration :		
Special Allowance	8240	198601
Leave Travel Assistance	0	24251
Employer's contribution to Provident & Other Funds	560	19000
Monetary Value of Requisites & other allowances	0	33000
	<u>8800</u>	<u>249852</u>
above excludes actuarial valuation of gratuity and leave encashment		
b) Approval from the Central Government is awaited for the remuneration Rs. 12,07,480 paid/provided to Ex-Executive Director (Finance and Corporate Affairs) in the previous period.		
24. Auditors Remuneration		
As Audit Fee (including Branch Auditors Rs. 132300) (previous Year)	2930	4795
As tax Audit Fee (including Branch Auditors Rs. 25000/-) (previous Year)	6000	64326
For Others	480	51642
For Expenses	220	16261
	<u>4330</u>	<u>87024</u>
25. Previous Period Adjustments (Net) comprises of :		
Raw Material & Job Works	240	18886
Salaries & Wages	0	(3467)
Interest Others	0	94428
Miscellaneous Exp.	3779	(5386)
Export Incentive	0	10000
Selling & Distribution Expenses	0	3237
	<u>3719</u>	<u>32564</u>

26. Company has not provided interest/penalties on various outstanding statutory dues except partial interest Sale Tax/Vat. Amount not ascertained.  
 27. The Company has made a provision for warranty as sales of Company's products by warranty for specific period. the details of such provision are given below :

	Rs.	Rs.
Provision at the beginning of the period	1875885	159799
Add : Addition during the period	100000	86280
Less : Amount transferred to other party as per agreement	1875885	0
Less : Amount reversed during the period	0	57094
Provision at the end of the period	100000	1875885

The warranty provision is expected to be used for settlement of warranty claims within reasonable period. Claims settled during the period under warranty Rs. 75,94,250 (Previous period Rs. 94,48,503) has been debited to After Sales Service Account. The Company has entered into agreement with a party to carry out after sale service and accordingly warranty provision of Rs. 1,87,58,885 has been transferred to the said party.

28. Disclosure as per Accounting Standard - 15

	31.03.2010 Rs.	31.03.2009 Rs.
i) Define Contribution Plan		
The Company has recognized the following amounts in the Profit and Loss Account for the year .		
Contribution to Employees Provident Fund	149425	75519 89
ii) Define Benefit Plan		
The following table set out the status of the gratuity plan as required under AS-15 (Revised 2005) :		
a) A reconciliation of opening and closing balances of the present value of the defined benefit obligation (DEO) :		
Opening DEO as on 1st April 2009	988188	195484
Current service cost	8266	9066
Interest cost	47052	1115401
Actuarial gain/(loss)	(601883)	(784322)
Benefits paid	(3394178)	(445381)
Closing DEO as on 31st March, 2010	96545	988188
b) A reconciliation of the opening and closing balances of the fair value of plan assets :		
Opening fair value of plan assets	332968	64920 01
Actual return	20542	16097
Actuarial gain/(loss)	0	0
Appreciation/Depreciation of Plan Assets	(87452)	0
Contribution by the employer	138254	81021
Benefits paid	(3394178)	(445381)
Closing fair value of plan assets	648294	332968
c) The amount recognised in the balance sheet :		
Present value of the defined benefit obligation at the end of the period	96545	988188
Fair value of the plan assets at the end of the year	648294	332968
Liability recognised in the Balance Sheet	317251	655220
d) The total expense recognized in the profit and loss account :		
Current service cost	8266	9066
Interest cost	47052	1115401
Expected Return of Assets	(20542)	(16097)
Actuarial gain/(loss)	(601883)	(784322)
Appreciation/Depreciation of plan assets	87452	0
Net Gratuity cost	(486345)	(598362)
e) The Company has taken policy under group gratuity cum Life Insurance Scheme from the following Companies to partly funding its gratuity liability and their shares in total plan assets is as follows :		
Public Sector Bonds :		
Life Insurance Corporation of India	100%	80%
ICICI Prudential Life Insurance Fund Limited	0%	20%
f) Following are the Principal Actuarial Assumptions used at the balance sheet date :		
Discount rate	7.5%	7.5%
Expected rate of return on any plan assets	7.5%	7.5%
Average Salary escalation rate	5.0%	5.0%
Mortality	LIC (1994-96) ultimate table	LIC (1994-96) ultimate table

The estimates of the future salary increases considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors.

29. Segment Financial

The segment reporting of the Company has been prepared in accordance with Accounting Standard (AS-17), "Accounting for Segment Reporting" notified Accounting Standard Rules 2006.

Segment Reporting Policies

Identification of Segments.

Primary Segment

Business Segment : The company's operating businesses are organised and managed separately according to the nature of products with each segment representing a strategic business and different products. The four identified segments are Fan, Light & Luminaries, Rups & Appliances.



## Secondary Segment

Geographical Segment : The analysis of geographical segment is based on the geographical location of the customers.

Unallocated Corporation income and expenses are considered as a part of Unallocable expenses (net.) which are not identifiable to any business segment.

## Segment Information

## i. Primary Segment Reporting (by Business Segment)

Particulars	Current Year Rs.	Previous Year Rs.
<b>A REVENUE</b>		
Net Sales		
Fan	173810010	824900200
Light & Luminaries	4761699	5695958
Pumps	7022710	30847708
Appliances	12609390	74667151
	<u>198203809</u>	<u>936111017</u>
<b>B RESULTS</b>		
Segment Results		
Fan	(52209569)	(147509537)
Light & Luminaries	(5167450)	(6738020)
Pumps	(468041)	(4909818)
Appliances	(3727917)	(20276898)
Unallocated Income (Net of Expenses)	230070172	21175913
Profit/(Loss) before Finance Cost, Tax & Exceptional items	168497195	(158258360)
Finance Cost (Net)	9252741	16276593
Profit/(Loss) before Tax and Exceptional items	159244454	(174534953)
Exceptional items		
Principal amount of Loan & Interest written back	0	29923361
Profit/(Loss) before tax	159244454	(144611592)
Provision for Fringe Benefit Tax	0	1770284
Profit/(Loss) after tax	<u>159244454</u>	<u>(146381876)</u>
<b>C OTHER INFORMATIONS</b>		
Segment Assets		
Fan	111785675	393545974
Light & Luminaries	203196	19260513
Pump	0	20810654
Appliances	8640825	33736557
Unallocated	108978247	121875869
Total assets	<u>229607944</u>	<u>589229567</u>
Segment Liabilities		
Fan	678486983	745820292
Light & Luminaries	1035043	31374989
Pump	3915609	20220879
Appliances	4598453	46319950
Unallocated	123537594	131090360
Total Liabilities	<u>811573682</u>	<u>974826470</u>
Capital Expenditure		
Pump	140256	908211
Appliances	0	127715
Unallocated	96787	5884605
	<u>237043</u>	<u>6920531</u>
Depreciation		
Pump	2510100	3445394
Appliances	0	76990
Unallocated	1782556	3560079
	<u>4292656</u>	<u>7082463</u>
Non-cash expenses other than depreciation		
Fan	8815970	774862
Pump	0	0
Appliances	0	0
Unallocated	0	0
	<u>8815970</u>	<u>774862</u>

	Current Year Rs.	Previous Year Rs.
i Geographical Segments		
The following is the distribution of the Company's consolidated sales by geographical market, regardless of where the goods were produced :		
Sales to Domestic Market	198203809	918566176
Sales to Overseas Market	0	1754841
	<u>198203809</u>	<u>918566176</u>

The Company has common fixed assets in India for producing goods for Domestic Market and Overseas Markets. Carrying amount of Export Debtor as at 31st March 2010 was NIL (Previous period Rs. NIL.).

30. A) Information pursuant to clause 32 of the listing agreements with stock exchanges.

Loans and advances in the nature of Loans given to subsidiaries and Associates etc.

Name of Company	As at 31st March, 2010 Rs.	Maximum Balance during the year Rs.	As at 31st March, 2009 Rs.	Maximum Balance during the year Rs.
Polar Mamo Agglomerates Limited Associate	NIL	4,72,04,783	4,72,04,783	4,72,04,783

1 Loans and Advances shown, above to the associates fall under the category of "Loans and Advances" in the nature of Loans where there is no repayment schedule.

2 Provision for doubtful debts made in the previous year ended and Written off during the year.

31. List of Related Parties (To the extent identified by the company)

a Enterprises owned or significantly influenced by key Management Personnel & their relatives

- 1 Sheffield Appliances Ltd.
- 2 Polar Bhama India Ltd,
- 3 S.A. Engineering Works
- 4 Vinsa Electricals (P) Limited
- 5 Polaron Marketing Limited
- 6 Koyo Tech Electro Pvt. Limited
- 7 Vishva Electrotech Limited

b Co-promoters & Associates

- 1 Polar Mamo Agglomerates Ltd.
- 2 Heyren India Ltd.
- 3 Polar Forgings & Tools Ltd.

c Key Management Personnel

Mr. Anil Agarwal	Chairman & Managing Director
Mr. Sunil Agarwal	Director

d Relatives of Key Management Personnel

Mrs. Savitri Devi Agarwal	Mother of Mr. Anil Agarwal and Mr. Sunil Agarwal
Mrs. Shailja Agarwal	Wife of Mr. Anil Agarwal
Mrs. Vinita Agarwal	Wife of Mr. Sunil Agarwal
Mr. Viraj Agarwal	Son of Mr. Anil Agarwal
Mr. Achintya Agarwal	Son of Mr. Sunil Agarwal
Ms. Mansi Agarwal	Daughter of Mr. Sunil Agarwal

Nature of Transactions	Enterprises owned or significantly influenced by Key Management Personnel & their relatives		Co-promoters & Associates		Key Management Personnel		Relatives of Key Management Personnel		Total	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
<b>A Transaction during the period</b>										
Royalty Paid										
Vinsa Electricals (P) Limited	1,200,000	5,550,000	-	-	-	-	-	-	1,200,000	5,550,000
Rent Paid										
Vinsa Electricals (P) Limited	1,400,000	2,760,000	-	-	-	-	-	-	1,400,000	2,760,000
Interest Paid										
Vinsa Electricals (P) Limited	16,58,307	3,573,974	-	-	-	-	-	-	16,58,307	3,573,974
Rent Income										
Polar Bhama India Limited	-	201,290	-	-	-	-	-	-	-	201,290
Shel field Alliances Ltd.	-	12,580	-	-	-	-	-	-	-	12,580
Recovery of Common Expenses										
Polar Bhama India Limited	1,212,606	354,914	-	-	-	-	-	-	1,212,606	354,914
Shel field Appliances Ltd.	237,907	6,202	-	-	-	-	-	-	237,907	6,202
Miscellaneous Expenses										
Polar Bhama India Limited	-	1,020,520	-	-	-	-	-	-	-	1,020,520
Amount granted on current										
Polar Bhama India Limited	-	8,00,000	-	-	-	-	-	-	-	800,000
Vinsa Electricals (P) Limited	6,100	-	-	-	-	-	-	-	6,100	-
Polar Mamo Agglomerates Ltd.	-	500,000	-	-	-	-	-	-	-	5,00,000
Vishva Electrotech Limited	17,842,882	-	-	-	-	-	-	-	17,824,882	-
Polaron Marketing Limited	6,417,697	-	-	-	-	-	-	-	6,417,697	-
Amount received on current										
Polar Bhama India Limited	-	578,213	-	-	-	-	-	-	-	578,213
Vishva Electrotech Limited	20,854,500	-	-	-	-	-	-	-	20,854,500	-
Polaron Marketing Limited	21,551,763	-	-	-	-	-	-	-	21,551,763	-
Sale of Goods										
Vishva Electrotech Limited	41,424,508	-	-	-	-	-	-	-	41,424,508	-
Polaron Marketing Limited	111,474,895	-	-	-	-	-	-	-	111,474,895	-
Koyo Tech Electro Pvt. Ltd.	7,042,618	-	-	-	-	-	-	-	7,042,618	-
Purchase of Goods										
Koyo Tech Electro Pvt. Ltd.	5,248	-	-	-	-	-	-	-	5,248	-
Unsecured Loan taken										
Vinsa Electricals (P) Limited	3,883,974	6,960,000	-	-	-	-	-	-	3,883,974	6,960,000
Unsecured Loan refund										
Vinsa Electricals (P) Limited	27,017,554	31,965,000	-	-	-	-	-	-	27,017,554	31,965,000
Personnel Cost										
Anil Agarwal _ CMD	-	-	-	885,000	2,038,600	-	-	-	885,000	2,038,600
MR. K.P. Bhattacharya	-	-	-	-	371,282	-	-	-	-	371,282
Mrs. Savitri Devi Agarwal	-	-	-	-	-	-	225,149	-	-	225,149
Mrs. Shailija Agarwal	-	-	-	-	-	-	397,292	-	-	397,292
Mr. Vinay Agarwal	-	-	-	-	-	-	551,340	-	-	551,340
Mrs. Vinita Agarwal	-	-	-	-	-	-	225,179	-	-	225,179

Nature of Transactions	Enterprises owned or significantly influenced by Key Management Personnel & their relatives		Co-promoters & Associates		Key Management Personnel		Relatives of Key Management Personnel		Total (Rs.)	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
B. Closing Balance as on Balance Sheet										
Unsecured loan from Bodies Corporate										
Vinsa Electricals (P) Limited	454,853	24,342,407	-	-	-	-	-	-	454,853	24,342,407
Capital Work-in-progress										
Polar Mamo Agglomerates Ltd. Investments	-	-		126,183,595	-	-	-	-	-	126,183,595
Polar Bhama India Limited.	10,101,540	14,996,252	-	-	-	-	-	-	10,101,540	14,996,252
Advance recoverable on Current Account										
Polar Bhama India Ltd.	-	830,008	-	-	-	-	-	-	-	830,008
Vinsa Electricals (P) Ltd.	(6,100)	-	-	-	-	-	-	-	(6,100)	-
Polar Mamo Agglomerates Ltd.	-	-	-	5,00,000	-	-	-	-	-	5,00,000
Loans to bodies corporate										
Polar Mamo Agglomerates Ltd.	-	-	-	47,204,783	-	-	-	-	-	47,204,783
Loans from bodies corporate										
Vinsa Electricals (P) Limited	-	-	-	-	-	-	-	-	-	-
Interest & Other Receivable										
Polar Mamo Agglomerates Ltd.	-	-	-	102,572,664	-	-	-	-	-	102,572,664
Advances to others										
Polar Bhama India Ltd.	858,403	-	-	-	-	-	-	-	858,403	-
Polar Mamo Agglomerates Ltd.	-	-	5,00,000	2,517,187	-	-	-	-	5,00,000	2,517,187
Current Account										
Vinsa Electricals (P) Limited	(454,853)	-	-	-	-	-	-	-	(454,853)	-
Polar Bhama India Ltd.	858,403	830,008	-	-	-	-	-	-	858,403	830,008
Creditors										
Vinsa Electricals (P) Ltd.	2,413,830	6,806,854	-	-	-	-	-	-	2,413,830	6,806,854
Shelf field Appliances Ltd.	(1,166,663)	(928,756)	-	-	-	-	-	-	(1,166,663)	(928,756)
Polar Bhama India Ltd.	(1,464,401)	-	-	-	-	-	-	-	(1,464,401)	-
Vishva Electrotech Ltd.	11,025,908	-	-	-	-	-	-	-	11,025,908	-
Polaron Marketing Limited	53,100,435	-	-	-	-	-	-	-	53,100,435	-
Koytech Electro Pvt. Ltd.	49,081	-	-	-	-	-	-	-	49,081	-
Corporate Guarantees given										
Polar Bhama India Limited	866,404,839	768,932,464	-	-	-	-	-	-	866,404,839	768,032,464
Shelf field Appliances Ltd.	8,282,434	8,282,434	-	-	-	-	-	-	8,282,434	8,282,434
Heynen India Limited	-	-	399,187,801	399,187,801	-	-	-	-	399,187,801	399,187,801
Polar Mamo Agglomerates Ltd.	-	-	2,00,000	2,00,000	-	-	-	-	2,00,000	2,00,000
Advances being estimated value of Assets										
Polar Mamo Agglomerates Ltd.	-	-	40,000,000	40,000,000	-	-	-	-	40,000,000	40,000,000
Zero Coupon Convertible Warrant Money										
Mr. Vijay Agarwal	-	-	-	-	-	-	-	-	-	-
Mr. Achinty Agarwal	-	-	-	-	-	-	-	-	-	-
C. Provision & doubtful debts as on B/Sheet date										
Provision for diminution in value of Shares										
Polar Bhama India Limited	7,479,397	5,969,140	-	-	-	-	-	-	7,479,397	5,969,140
Provision for Doubtful Recovery of Advance, Capital Advances etc.										
Polar Mamo Agglomerates Ltd.	-	-	-	278478228*	-	-	-	-	-	278478228*

\* Written off during the year 2009-10

	Current Year Quantity	Previous Year Quantity
32. Schedule VI to the Companies Act, 1956		
A) CAPACITY & PRODUCTION		
Class of goods		
1 Licensed Capacity	N.A.	N.A.
2 Installed Capacity (per annum on single shift basis as certified by the management)		
Fans of various types (Nos.)*	600000	1880000
3 Production		
Fans of various types (Nos.)	183566	140084
* Installed capacity of 12,80,000 (previous year 4,20,000) fans discarded during the year .		

## B) PURCHASES, SALES, STOCKS

i	Purchases	Item	Unit	Current Year		Previous Year	
				Quantity	Value (Rs.)	Quantity	Value (Rs.)
		Fans	(Nos.)	33420	26477257	710427	509309915
		Pump	(Nos.)	1238	555666	17055	31677057
		Appliances	(Nos.)	112	150420	88716	85517443
		CFL	(Nos.)	0	0	15647	1923276
		Others	(Nos.)	0	0	0	455536
					<u>27183343</u>		<u>6328227</u>
ii	Opening Stock	Fans	(Nos.)	65989	45389731	239306	156573133
		Pump	(Nos.)	1815	6804636	1889	58458
		Appliances	(Nos.)	10378	28710439	6857	3154425
		CFL	(Nos.)	106368	3174897	181656	14209344
		Others	(Nos.)	0	0	0	725181
					<u>84079703</u>		<u>175246541</u>
iii	Sales*	Fans	(Nos.)	282975	186464645	924127	761707480
		Pump	(Nos.)	3073	7022707	16639	31232358
		Appliances	(Nos.)	8780	12609390	85295	74667151
		CFL	(Nos.)	106368	4761699	90935	4352873
		Others	(Nos.)	0	0	0	3668140
					<u>210858443</u>		<u>875628002</u>

\* Sales is net of sales return within warranty period. NIL (Previous period 6956 Nos valuing Rs. 67000) In the previous year Sale exclude fans 99441 Nos. valuing Rs. 67627254 lost on fire.

## ii) CLOSING STOCK \*

Fans	(Nos.)	0	0	65989	45389731
Pump	(Nos.)	0	0	1815	6804636
Appliances	(Nos.)	1770	8640825	10378	28710439
CFL	(Nos.)	0	0	106368	3174897
Others	(Nos.)	0	0	0	0
			<u>8640825</u>		<u>84079703</u>

\*Excludes pumps scrapped nil (previous year 480) and appliances found short nil (previous year exercise 40 Nos.)

## C) RAW MATERIALS CONSUMPTION

Copper & Wire	(M.Tons)	54.19	20684867	3	15127129
Elec. Stampings	(M. Tons)	163.10	10343839	104	9300354
Ball Bearings	(Nos.)	350741	6285193	234358	3355181
Aluminium Sheet & Ingots	(M.Tons)	50989	9295997	77	10543371
Steel Sheet	(M. Tons)	125.94	5505684	106	5433652
Others		0	17326687		36185104
Total			<u>69441865</u>		<u>79944791</u>

	Current Year Value (Rs.)	%	Previous Year Value (Rs.)	%
D) Value of Imported & Indigenous Raw Materials & Components, Stores, Spares etc. consumed and percentage thereof.				
a) Raw Materials & Components consumed	694185	100	794471	100
Indigenous	0	0	0	0
Imported	694185	100	794471	100
b) Stores & Spares consumed	41,113	100	12024	100
Indigenous	41,113	100	12024	100
E) C.I.F. Value of Imports				
Raw Materials			0	0
Finished Goods			0	280394573
F) Earnings in Foreign Exchange				
Export Sales (F.O.B. Value)			0	1454650
G) Expenditure in Foreign Currency				
Travelling			0	4887
Professional Charges			0	2921256
Others			0	0

3) Previous Year figures have been regrouped and/or rearranged wherever considered necessary

As per our Report of even date attached

For and on behalf of the Board of Directors

For SINGHI & CO.  
Chartered Accountants

B.K. Sipani  
Partner  
M. No. 88926

Anil Agarwal  
Sruil Agarwal

Chairman & Managing Director  
Director

Place : Kolkata  
Dated : 29th May, 2010

Santa Agarwal

Company Secretary

H STATEMENT PURSUANT TO PART IV, SCHEDULE VI TO THE COMPANIES ACT, 1956  
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

i) Registration Details			
Registration No.	34996		
Balance Sheet Date	31.03.2010	State Code	21
ii) Capital Raised during the Year (Amount in Rs. Thousand)			
Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	3743
iii) Position of Mobilisation and Deployment of Funds (Amounts in Rs. Thousand)			
Total Liabilities	88221	Total Assets	88221
Sources of Funds		Application of Funds	
Paid-up Capital	24521	Net Fixed Assets	3033
Reserve & Surplus	28940	Investments	257
Zero Coupon Convertible Warrant/Wire	8	Net Current Assets	(-16206.56)
Secured Loans	35203	Misc. Expenditure	0
Unsecured Loans	21763	Debit Balance of Profit & Loss A/c.	1471257
iv) Performance of Company (Amount in Rs. Thousand)			
Turnover	21843	Total Expenditure	24521
Profit/(Loss) Before Tax	15924	Profit/(Loss) After Tax	15924
Earning Per Share in Rs.	7.84	Dividend per Share in Rs.	NIL
v) Generic Names of Three Principal Products/Services of company (As per monetary terms)			
Item Code No.		Production Description	
841451.02		CEILING FAN	
841370.03		MONOBLOCK PUMP	
820830.00		KITCHEN APPLIANCES	

As per our Report of even date attached

For and on behalf of the Board of Directors

For SINGHI & CO.  
Chartered Accountants

B.K. Sipani  
Partner  
M. No. 88926

Anil Agarwal Chairman & Managing Director

Sunil Agarwal Director

Place : Kolkata  
Dated : 29th May, 2010

Samta Agarwal Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

	Current Year Value in Rs.	Previous Year Value in Rs.
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit/(Loss) before tax and Exceptional Items	159244454	(174534953)
Add/(Deduct) Adjustment for :		
Depreciation	4292656	7082463
Interest Expenses	9141810	16191781
Interest Income	0	(48627)
Bad Debts written off	439625	1401
Provision for Doubtful Debts and Advances	16542367	774862
Sundry Balances written back	(3899957)	(11987834)
Provision for Diminution in value of assets	3459388	0
Foreign Exchange Fluctuation	(30148299)	
(Profit)/Loss on sale of Investments	(4419)	901421
(Profit/Loss on sale/discard of fixed assets)	(265809934)	(95170874)
	(106742309)	(256790360)
Operating profit before working capital changes		
Add/(Deduct) Adjustments for :	140605093	(34693498)
Trade and other receivables	99516120	109150668
Inventories	(129204532)	78865167
Trade payable		
Cash Generated from operations	4174372	(103468023)
Direct Taxes (paid)/Refund	0	4911
Net cash from operating activities	4174372	(103463112)
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(237043)	0
Sale of Fixed Assets	315959489	104170630
Sale of investments	2948494	420579
Movement in Margin money and Fixed deposit	20602	(20602)
Interest received	0	48628
Net Cash from investing activities	318691542	104619235
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Issue of Share Capital*	30743000	0
Net Proceeds from Long Term Borrowings*	(307260807)	4105449
Net Proceeds from Other Borrowings	(61596665)	(12237139)
Receipt of Zero Coupon Convertible Warrant Money	3680000	7550000
Interest and other finance charges	(11141814)	(20828992)
*On conversion of Long term borrowings		0
Net Cash From (used) financing activities	(345576286)	(21410682)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	(22710372)	(20254560)
<b>CASH AND CASH EQUIVALENTS—OPENING</b>	25268263	45522824
<b>CASH AND CASH EQUIVALENTS—CLOSING</b>	2557891	25268263
<b>CASH AND CASH EQUIVALENTS INCLUDES</b>		
Cash, Cheque & Drafts in hand	570768	2135315
Remittance in Transit	0	10252491
Balances with Scheduled Banks	1987123	12880457
	2557891	25268263

Note : Previous period figures have been regrouped/rearranged, wherever considered necessary

As per our Report of even date attached

For and on behalf of the Board of Directors

For SINGHI & CO.  
Chartered Accountants

B. K. Sigan  
Partner  
M.No. 88926

Anil Agarwal                      Chairman & Managing Director  
Snil Agarwal                      Director  
Santia Agarwal                    Company Secretary

Place : Kolkata  
Date : 29<sup>th</sup> May, 2010



POLAR INDUSTRIES LIMITED  
Registered Office : 51, Ezra Street, 2nd floor, Kolkata-700 001

ATTENDANCE SLIP

27<sup>TH</sup> ANNUAL GENERAL MEETING, 24<sup>TH</sup> SEPTEMBER, 2010

Mr./Mrs./Miss \_\_\_\_\_

I certify that I am a registered shareholder/proxy for the registered shareholder of the Company. I hereby record my presence at the TWENTY-SEVENTH ANNUAL GENERAL MEETING of the company to be held at "Aaikatan", IA 290, Sector-3, Salt Lake, Purbachal, Kolkata-700 097 of Friday, the 24th day of September, 2010 at 3:30 P.M.

.....  
Full Name of the Member (in Block Letter) Signature

Folio No. .... / DP ID No. \* ..... & Client ID No. \* .....  
\*Applicable for members holding shares in electronic form.

.....  
Full Name of Proxy (in Block Letter) Signature

- NOTE :
- 1) Please fill in this attendance slip and hand it over at the Entrance of the Meeting Hall.
  - 2) Member's Signature should be in accordance with the Specimen Signature registered with the Company.
  - 3) Please bring your copy of the Annual Account and Notice for reference at the Meeting.

-----  
POLAR INDUSTRIES LIMITED  
Registered Office : 51, Ezra Street, 2nd floor, Kolkata-700 001

PROXY FORM

I/We..... of  
.....  
being member/members of Polar Industries Limited hereby appoint ..... of .....  
..... or failing him/her ..... of .....  
..... or failing him/her .....  
..... of .....

as my/our proxy to vote for me/us on my/our behalf at the TWENTY-SEVENTH ANNUAL GENERAL MEETING of the Company to be held at 'Aaikatan", IA 290, Sector 3, Salt Lake, Purbachal, Kolkata-700 097 on Friday, the 24th day of September, 2010 at 3:30 P.M. at any adjournment thereof.

Signed this..... day of..... 2010 Signature.....

Folio No. : ..... / DP ID No. \* ..... & Client ID No.\* .....  
\*Applicable for members holding shares in electronic form.

No. of Shares..... Signature.....



- NOTES :
- 1) A Member entitled to attend and vote at the Meeting is entitled to appoint a Proxy to attend and vote in his stead. A Proxy need not be a Member of the Company. Proxies, in order to be effective must be received by the Company not less than 48 hours before the time for holding the Meeting.
  - 2) Appointment of a Proxy will not preclude a Member from attending the Meeting.
  - 3) In the case of Body Corporate, the Proxy Form should be executed under its Common Seal or be signed on its behalf by an officer or an Attorney duly authorised by it.
  - 4) Where there are joint registered holders of any share, any one of such persons may vote at the Meeting either personally or by proxy in respect of such share as if he was solely entitled thereto; and if more than one of such joint holders be present at the Meeting either personally or by proxy, then one of the said persons so present whose name stands first on the Register of Members in respect of such share shall alone be entitled to vote in respect thereof.