

54TH ANNUAL REPORT 2010-2011



POLYCHEM LIMITED

POLYCHEM LIMITED

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

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

WORK	CORPORATE MANAGEMENT TEAM
SPECIALTY CHEMICALS D/26, MIDC, Phase II, Dombivali (E) - 421 201.	MR. TANIL KILACHAND Managing Director MR. P.T.KILACHAND Whole-time Director MR. A.H.MEHTA VP-Corporate Affairs & Company Secretary

Note :

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

Important Communication to Members

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to register their e-mail addresses with M/s. Sharepro Services (India) Pvt. Ltd, Registrar and Share Transfer Agents of the Company.

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POLYCHEM LIMITED

NOTICE

Notice is hereby given that the Fifty Fourth Annual General Meeting of the Members of POLYCHEM LIMITED will be held at M.C.Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20 Kaikhushru Dubash Marg, Mumbai 400 001 on Monday, 5th September, 2011 at 10.30 a.m., to transact the following business:

ORDINARY BUSINESS:

- To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2011 and Profit and Loss Account for the year ended on 31st March, 2011 and the Report of the Directors and the Auditors thereon.
- To appoint a Director in place of Mr. Tanil Kilachand who retires by rotation, but being eligible, offers himself for re-appointment.
- To appoint a Director in place of Mr. V.V.Sahasrabudhe who retires by rotation, but being eligible, offers himself for re-appointment.
- To consider and, if thought fit, to pass with or without modification/s the following resolution as an Ordinary Resolution :-
 "RESOLVED THAT pursuant to the provisions of Section 224 and other applicable provisions, if any, of the Companies Act, 1956, M/s.G.M. Kapadia & Company, Chartered Accountants, Mumbai (Firm Regn. No.104767W), be and are hereby appointed as Auditors of the Company from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company on a remuneration of Rs.1,50,000/- (Rupees one lac fifty thousand only) in addition to service tax, reimbursement of travelling and all other out of pocket expenses incurred in connection with the audit."

By Order of the Board of Directors
 A.H.MEHTA
 Vice President-Corporate Affairs & Company Secretary

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

Dated : 11th July, 2011.

NOTES:

- A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY, OR WHERE THAT IS ALLOWED, ONE OR MORE PROXIES, TO ATTEND AND VOTE INSTEAD OF HIMSELF. A PROXY NEED NOT BE A MEMBER.
- The Register of Members and the Share Transfer Books of the Company has remained closed from 5th July, 2011 to 12th July, 2011 (both days inclusive).
- All unclaimed Dividends pertaining to the earlier years have been transferred to the General Revenue Account of the Central Government in terms of Section 205-A of the Companies Act, 1956.

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

Sr. No.	Name & Address of the Stock Exchange	Nature of Security as on 31-03-2011
1.	Bombay Stock Exchange Ltd. Jeejeebhoy Towers Dalal Street, Mumbai 400 023.	4,04,045 Equity Shares of Rs.10/- each

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

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

Name of Director	Mr. Tanil Kilachand	Mr. V.V.Sahasrabudhe
Age	74 years	72 years
Qualification	B.A. from Cambridge University in History and Law. M.B.A. in Business Administration from Harvard Business School.	B.A., LL.B.
Expertise	He is a Managing Director of the Company from 19 th August, 1986 and is now the Chairman & Managing Director from 1 st February, 1995. He has over 43 years of experience in industry, management, implementation of projects etc. He has been associated with various Chambers of Commerce and was the President of Indian Merchants' Chamber. He has been associated with various charitable trusts and is Director / Chairman of several Companies.	Income-tax Officer from 1967 to 1975 in the Income-tax Department. Senior Tax Officer from 1975 with Kilachand Devchand & Co. Ltd. and thereafter as General Manager, Legal & Taxation up to 2002. From 2003 practicing as Tax Consultant
Other Directorship as on 31st March, 2011 (Excluding Private Companies)	Gujarat Poly-AVX Electronics Ltd., and Ginners & Pressers Ltd.,	Not Applicable
No of Equity Shares held	1,938	1

By Order of the Board of Directors
 A. H. MEHTA
 Vice President-Corporate Affairs & Company Secretary

Registered Office :
 7, Jamshedji Tata Road
 Churchgate Reclamation
 Mumbai 400 020.
 Dated: 11th July, 2011.



DIRECTORS' REPORT

To

The Members of
POLYCHEM LIMITED

Yours Directors' present the Fifty Fourth Annual Report and Statement of Accounts for the year ended 31st March, 2011.

	01.04.10 to 31.03.11 Rs. in lacs	01.04.09 to 31.03.10 Rs. in lacs
FINANCIAL RESULTS		
Sales	522.70	414.00
Profit/(Loss) before Depreciation & Tax	(30.08)	121.58
Depreciation	9.01	8.81
Profit/(Loss) before tax	(39.09)	112.77
Current tax	(7.50)	—
Deferred tax	(1.92)	11.56
Profit/(Loss) after tax	(48.51)	124.33
Excess provision of tax in respect of earlier years	43.06	(13.33)
	(5.45)	111.00
Balance brought forward	(2146.32)	(2256.38)
Prior period items	(2.78)	(0.94)
	(2154.55)	(2146.32)
General Reserve deducted per contra	2069.93	2069.93
Amount available for Appropriation	(84.62)	(76.39)

During the year ended 31st March, 2011 your Company has made loss of Rs.48.51 lacs against profit of Rs.124.33 lacs after tax. The Directors cannot recommend dividend due to accumulated losses of the company.

1. Sales of specialty chemicals during the year ended was Rs.522.70 lacs compared to Rs.414.00 lacs during the previous year.
2. **GUJARAT POLY-AVX ELECTRONICS LIMITED (GPAEL)-Associate Company**
The sale of GPAEL during the year ended 31st March, 2011 was Rs.912.90 lacs as against sale of Rs.757.49 lacs during the previous year. GPAEL has made profit of Rs.54.71 lacs during the year ended 31st March, 2011 as compared to profit of Rs.2841.47 lacs after write back of exceptional items namely, remission of past interest on term loans in the previous year.
3. **AUDIT COMMITTEE:**
The Audit Committee now consists of 4 members, viz. Mr.V.V.Sahasrabudhe, Mr.T.R.Kilachand, Mr.Devang Vyas and Mr.Chetan Desai .
4. **DIRECTORS' RESPONSIBILITY**
Pursuant to Section 217(2AA) of the Companies Act, 1956 the Directors confirm that:
 - a. In the preparation of the annual accounts, the applicable accounting standards have been followed.
 - b. Appropriate accounting principles have been selected and applied consistently and have made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2011 and of the loss of the Company for the year ended 31st March, 2011.
 - c. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
 - d. The annual accounts have been prepared on a going concern basis.
5. **TAXATION:**
The Company's Income Tax assessments have been completed up to the year ended 31st March, 2008.
6. **DEPOSITS:**
Company has repaid all deposits and there are no outstanding deposits.
7. **INDUSTRIAL RELATIONS:**
Industrial Relations with the employees of the Company were cordial during the year under report.
8. **PARTICULARS OF EMPLOYEES:**
Provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 are not applicable to the Company.
9. **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO ETC.**
As required by the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the Report on Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo etc. is given in Annexure I forming part of this report.

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10. DIRECTORS:

Mr. Tanil Kilachand and Mr. V.V.Sahasrabudhe retire from Office by rotation, but being eligible, offer themselves for re-appointment;

11. CORPORATE GOVERNANCE:

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

12. AUDITORS' REMARKS:

The Company is in the process of setting up Internal Audit Department. As regards the other remarks in the Auditors' Report, please refer to the Notes on Accounts which are self explanatory.

13. AUDITORS:

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

The Directors extend their sincere thanks to the State and Central Government Authorities and Members for their co-operation and continued support during the difficult times being experienced by the Company.

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

By Order of the Board of Directors

TANIL KILACHAND
Chairman & Managing Director

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

Dated : 11th July, 2011.

ANNEXURE I

A. CONSERVATION OF ENERGY

_____ NIL _____

FORM 'A'

POWER AND FUEL CONSUMPTION

(1) **Electricity**

Purchased units (Kwh)
Total Amount (Rs.)
Rate, Kwh

2010-11

25,912
66,157
2.55

2009-10

12,525
61,130
4.88

FORM 'B'

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

A. Research and Development

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

Company is trying to develop a know-how for the mass polymerization of Poly Alpha Methyl Styrene and Low Molecular Weight Polystyrene (Molecular Weight in the range of 5000 to 10000).

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

There is a good demand for Poly Alpha Methyl Styrene, once Company develops a know-how for this product, Company can cater to this market both in domestic as well as overseas. There is good market for Low Molecular Weight Polystyrene (Molecular Weight in the range of 5000 to 10000) in China and Japan for use as a component in additives.

3. Future plan of Action

Though Company is supplying small quantities of Styrene Maleic Anhydride & Poly Vinyl Butyral to various customers, Company needs to work on these products further to improve its performance for various diversified applications for which there is good market.

4. Expenditure on R&D:

No major expenses incurred for R&D

B. Technology Absorption, Adaption and Innovation:

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

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

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

_____ nil _____.

3. Imported Technology:

No new technology has been imported.

4. Foreign Exchange Earnings and Outgoings:

a) Foreign exchange outgo

Rs.
— nil —



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Overview:

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

Opportunities:

Your Company's customers for specialty polymers are in investment casting Industry. The major end user segment for investment cast products is automotive sector. The domestic sector has shown a good increase in demand since April, 2010. As per a recent report on the demand in auto sector the sale of automobiles is projected to increase to 3.00 million by 2015 from the current figure of 1.00 million. This augurs well for our product "Cross Linked Polystyrene". The exports to Japan has picked up of late. We expect good orders from Japan in this fiscal year.

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

Threats:

The basic raw material for the majority of our products is Styrene Monomer. Styrene is derived from Benzene, which in turn is derived from crude oil. Crude oil prices are volatile in view of changing political scenario globally. As a result there is lot of volatility in Styrene prices.

Risk and Concerns:

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

Due to increasing trend for redevelopment of old buildings rather than their repairs the demand for one of our products viz, the latex is likely to go down.

Outlook:

Company has settled the various liabilities including statutory liability. The working of Specialty Chemicals is also improving.

Financial Performance:

a) Share Capital:

The issued and paid-up share capital of the Company is Rs.40,40,450/- consisting of 4,04,045 equity shares of Rs.10/- each as on 31st March, 2011.

b) Reserves and Surplus:

As on 31st March, 2011 the reserves and surplus are Rs.1,509.99 lacs. However, there is accumulated loss of Rs.84.62 lacs.

c) Secured Loans:

There are no secured loans outstanding as on 31st March, 2011.

d) Results of Operation:

Revenue for the current year including other income amounts to Rs.606.09 lacs compared to Rs.643.41 lacs. Loss before tax is Rs.39.09 lacs compared to profit before tax of Rs.112.77 lacs during the previous year. Provisions for tax including deferred tax asset during the year is Rs.9.42 lacs compared to Rs.11.56 lacs during the previous year. Loss after tax amounts to Rs.48.51 lacs during the year compared to profit of Rs.124.33 lacs during the previous year.

Industry Structure & Development:

Our Company is manufacturing and selling Specialty Chemicals.

Segmentwise Performance:

There are two income generating segments. Segment-wise Revenue for the year ended 31st March, 2011 is as follows. viz. (1) Property / Land Rs. Nil (000) (2) Specialty Chemicals Rs.52,270(000). The sale of Specialty Chemicals is showing good growth.

Internal Control System:

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

Human Resources:

The Company has good relations with its employees.

CORPORATE GOVERNANCE REPORT (2010-2011)

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

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

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

2. Board of Directors

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

Composition of the Board of Directors as on March 31, 2011, is as follows:

Director	Executive/Non-Executive/Independent/Promoter
Mr.T. R.Kilachand	Chairman-cum-Managing Director/Promoter
Mr.P.T.Kilachand	Whole-time Director/Promoter
Mr.V.V.Sahasrabudhe	Non-Executive Director/Independent
Mr.Devang Vyas	Non-Executive Director/ Independent
Mr.Chetan Desai	Non-Executive Director/ Independent

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

F.Y. 2010-11 (April 2010 to March 2011)

Attendance Particulars				No. of other Directorships and Committee Membership/ Chairmanship	
Name of the Director	Board Meetings	Last AGM	Sitting Fees Rs.	Other Directorship in Public Limited Companies	Committee Membership/ Chairmanship
Mr.T.R.Kilachand	6	Yes	—	2	1(Committee) 1(Chairman)
Mr.P.T.Kilachand	5	Yes	—	3	1
Mr. V.V.Sahasrabudhe	5	No	5000	—	—
Mr. Devang Vyas	4	Yes	4000	—	—
Mr.Chetan Desai	4	Yes	4000	1	—

Sitting fees paid for attending Board Meetings have only been taken into consideration.

Remuneration to Directors

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

Number of Board Meetings held and dates on which held:

During the financial year 2010-11, six Board Meetings were held on the following dates:

- 27th April, 2010
- 4th August, 2010
- 12th August, 2010
- 23rd September, 2010
- 11th November, 2010
- 2nd February, 2011

3. Audit Committee

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

The Audit Committee comprises of the following Directors:

- Mr. V.V.Sahasrabudhe – Chairman
- Mr. T.R.Kilachand
- Mr. Devang Vyas
- Mr. Chetan Desai

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



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

The audit committee shall have the following powers-

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

During the year 2010-11, five meetings of the Audit Committee were held on the following dates:

- a) 27th April, 2010
- b) 4th August, 2010
- c) 12th August, 2010
- d) 11th November, 2010
- e) 2nd February, 2011

Name of the Director	No. of meetings attended
Mr. T.R.Kilachand	5
Mr. V.V.Sahasrabudhe	5
Mr. Devang Vyas	3
Mr. Chetan Desai	3

The Company Secretary acts as the Secretary to the Committee.

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

Mr. V.V.Sahasrabudhe holds 1 equity share of the Company.

5. Shareholders'/Investors' Grievance Committee

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

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

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

Sr. No.	Name of the Director	No. of Meeting(s)	
		Held	Attended
1.	Mr. V. V.Sahasrabudhe - Chairman	20	18
2.	Mr. T.R.Kilachand – Director	20	18
3.	Mr. P.T.Kilachand - Director	20	17

The Committee would look into the redressal of the shareholders' complaints in respect of all matters including transfer of shares, non-receipt of Annual Report, non-receipt of Share Certificates and investors' complaints etc.

Share Transfer formalities are attended to at least once a fortnight.

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

Six complaints were received during the year and were solved. There are no complaints pending from the shareholders as on 31.3.2011.

6. CEO/CFO CERTIFICATION

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

- (a) He has reviewed financial statements and the cash flow statement for the year and that to the best of his knowledge and belief:-
 1. These statements do not contain any materially untrue statements or omit any material fact or contains statements that might be misleading.
 2. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of his knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) He accepts responsibility for establishing and maintaining internal controls for financial reportings and that he has evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and he has disclosed to the auditors and the Audit Committee those deficiencies of which he is aware, in the design or operation of such internal control and that he has taken the required steps to rectify these deficiencies.
- (d) He further certifies that they have indicated to the auditors and Audit Committee -
 - (i) there have been no significant changes in internal control over financial reporting during the year.
 - (ii) there have been no significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements.

POLYCHEM LIMITED

(iii) there have been no instances of significant fraud of which he has become aware and the involvement therein, of management or an employee having significant role in the Company's internal control system over financial reporting.

7. Code of Conduct

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

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

Declaration

As provided under Clause 49 of the Listing Agreement with the Stock Exchange, we confirm that the Board Members and Senior Management of the Company have confirmed compliance with the Code for the year ended 31.03.2011.

For Polychem Limited

A.H.Mehta

VP – Corporate Affairs & Company Secretary

8. Means of Communications

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

9. Disclosure

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

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

The details of transactions of the company with the related parties have been disclosed as Note No.8 Schedule 15 of the Notes on Accounts. Management Discussions and Analysis Report has been annexed to the Annual Report.

10. General Shareholder Information:

AGM Date: Time Venue	5th September, 2011 10.30 a.m. M.C.Ghia Hall, Bhogilal Hargovindas Building, 2 nd Floor, 18/20 Kaikhushru Dubash Marg, Mumbai 400 001.
Financial Year	April 2010 to March 2011
Dates of Book Closure	05.07.2011 to 12.07.2011
Dividend Payment Date	Not applicable
Listing on Stock Exchange	Bombay Stock Exchange Ltd. Mumbai
Demat ISIN Numbers in NSDL & CDSL for Equity Shares	INE752B01024
Stock Code	Mumbai 506605
Market price Data: High, Low during each Month in the financial year 2010-11	See Table No.1 below
Registrar and Share Transfer Agents	M/s. Sharepro Services (India) Pvt. Ltd., 13AB, Samhita Warehousing Complex, 2nd Floor, Sakinaka Telephone Exchange Lane, Off Andheri Kurla Road, Sakinaka, Andheri (E), Mumbai 400 072. Tel : 022-67720300/67720400 Fax : 022- 28591568 e mail : sharepro@shareproservices.com
Share Transfer System	Share Transfers are registered and returned within a period of 30 days from the date of receipt, if the documents are clear in all respects.
Distribution of shareholding & Category-wise distribution	See Table No.2 & 3
De-materialisation of shares and liquidity	See Table No.4
Plant Location	SPECIALTY CHEMICALS , D/26, MIDC, Phase II, Dombivali (E) - 421 201.
Address for correspondence	Registered Office: 7, J.Tata Road, Churchgate Reclamation, Mumbai 400 020.



11. General Body Meetings:

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

F.Y.	AGM	LOCATION	DATE	TIME
2007-08	AGM	M.C.Ghia Hall,, Bhogilal Hargovindas Bldg., 2nd Floor, 18/20 Kaikhushru Dubash Marg, Mumbai - 400 001.	19-09-2008	11.00 a.m.
2008-09	AGM	M.C.Ghia Hall, Bhogilal Hargovindas Bldg., 2nd Floor, 18/20 Kaikhushru Dubash Marg, Mumbai - 400 001	30-09-2009	02.30 p.m
2009-10	AGM	M.C.Ghia Hall, Bhogilal Hargovindas Bldg., 2nd Floor, 18/20 Kaikhushru Dubash Marg, Mumbai - 400 001	23-09-2010	03.30 p.m.

Table 1 - Market Price Data

High and Low of market price of the Company's shares traded on Bombay Stock Exchange Ltd., Mumbai, during the financial year 2010-2011.

Month	High (Rs.)	Low (Rs.)	Total No. of Shares traded
April - 2010	291.90	240.05	2,378
May - 2010	284.75	237.00	1,975
June - 2010	288.50	252.05	1,135
July - 2010	288.00	256.00	8,036
August - 2010	294.00	258.00	1,576
September - 2010	294.90	250.00	2,439
October - 2010	294.50	251.80	6,954
November - 2010	290.00	235.00	4,913
December - 2010	279.00	191.55	4,640
January - 2011	241.00	182.00	5,014
February - 2011	238.00	175.00	5,923
March - 2011	215.00	165.00	9,138

Table 2 - Distribution of shareholding as on 31-3-2011

No. of Equity Shares held	No. of Shares held	% of total Shares	No. of Shareholders	% of total Shareholders
1 to 100	80,496	19.92	11,080	98.11
101 to 500	33,145	8.20	160	1.42
501 to 1000	8,935	2.21	13	0.12
1001 to 5000	74,083	18.34	31	0.28
5001 to 10000	41,294	10.22	5	0.04
10001 to 100000	1,66,092	41.11	4	0.03
100001 and above	—	—	—	—
Total	4,04,045	100.00	11,293	100.00

Table 3 - Categorywise distribution of shareholding as on 31-03-2011

Sr. No.	Category	No. of Shareholders	No. of shares held	% of total shares
1.	Promoters	10	1,73,374	42.90
2.	Public Financial Institutions & Banks	23	17,395	4.31
3.	Mutual Funds	—	—	—
4.	Bodies Corporate	152	38,336	9.49
5.	Resident Individuals	11,077	1,74,356	43.15
6.	FII & OCBs	—	—	—
7.	Non-Resident Individuals	31	584	0.15
8.	State Government	—	—	—
	Total	11,293	4,04,045	100.00

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Table 4 - Break-up of shares in physical & electronic mode as on 31-03-2011

Mode	No. of shareholders	% of total shareholders	No. of shares	% of total shares
Physical	8,325	73.72	58,715	14.53
Electronic	2,968	26.28	3,45,330	85.47
Total	11,293	100.00	4,04,045	100.00

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

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

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To the members of **Polychem Limited**

We have examined the compliance of conditions of Corporate Governance by **POLYCHEM LIMITED** for the year ended on March 31, 2011 as stipulated in Revised Clause 49 of the Listing Agreement of the said Company with Stock Exchange.

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, we state that the Company has complied with the conditions of the Corporate Governance as stipulated in the above mentioned clause of the Listing Agreement.

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

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

For G.M.Kapadia & Co.
Chartered Accountants
Firm Regn. No. 104767W

Rajen Ashar
Partner
Membership No. 48243

Place : Mumbai
Date : 11th July, 2011.



AUDITORS' REPORT TO THE MEMBERS OF POLYCHEM LIMITED

1. We have audited the attached Balance Sheet of **POLYCHEM LIMITED** as at 31st March, 2011, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement preparation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii. The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - iv. In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - v. On the basis of written representations received from the directors, as on 31st March, 2011 and taken on record by the Board of Directors, we report that none of the directors of the Company **POLYCHEM LIMITED** are disqualified as on 31st March, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with notes thereon, give the information required by the Companies Act, 1956 in the manner so required and also give a true and fair view in conformity with the accounting principles generally accepted in India: -
 - a. In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2011, and
 - b. In the case of the Profit & Loss Account, of the loss of the Company for the year ended on that date.
 - c. In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **G.M.Kapadia & Co.**,
Chartered Accountants
Firm Regn. No. 104767W

Mumbai
Dated: 11th July, 2011

Rajen Ashar
Partner
Membership No.48243

ANNEXURE TO THE AUDITORS' REPORT

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

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

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

 - (b) During the year, the Company has not disposed off substantial part of fixed assets. However the Company has disposed off the assets held for disposal. In our opinion such sale will not affect the going concern.
- (ii) (a) The inventory has been physically verified by the management during the year. In our opinion, and according to the information and explanation given to us, the frequency of verification is reasonable.
 - (b) The procedures of physical verification, in our opinion, are reasonable and adequate in relation to the size of the Company and nature of its business.
 - (c) The Company is maintaining proper records of inventory. No discrepancies were noticed on verification between the physical stocks and the book records.
- (iii) The Company has neither granted nor taken any loans, secured or unsecured to and from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the sub-clauses (a) to (g) of the clause 4 (iii) of the Order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal controls system.

POLYCHEM LIMITED

ANNEXURE TO THE AUDITORS' REPORT

- (v) (a) According to the information and explanations given to us, we are of the opinion that the transactions for the year that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanation given to us, during the year, there is no transaction made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakh in respect of any party.
- (vi) In our opinion and according to the information and explanation given to us, the Company has not accepted deposits from the public and therefore, the provisions contained in sections 58A, 58AA or any other relevant provisions of the Act and Rules framed there under are not applicable to the Company. As informed to us, the Company has refunded principal amount of deposit in case of matured deposits.
- (vii) *The Company does not have an internal audit system.*
- (viii) As informed to us provisions of clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 regarding maintenance of cost records are not applicable to the Company;
- (ix) (a) Based on the records produced before us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues such as provident fund, investor education and protection fund, employees state insurance, income-tax, sales-tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues wherever applicable and there are no amounts in arrears as at March 31, 2011 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues of income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess which have not been deposited on account of any dispute except disputed Income tax as under:

Assessment year 2005-06	Amount In Rs (000's)	Authority with whom Appeal pending
Income tax dues	85	Commissioner of Income Tax (Appeals)

- (x) In our opinion, the accumulated losses of the Company are not more than fifty percent of its net worth as at 31st March 2011. The Company has incurred cash losses during the financial year covered by our audit. The Company had not incurred cash losses during the immediately preceding financial year.
- (xi) The Company has neither raised any loans from banks and financial institutions nor issued any debentures, therefore the provisions of clause 4 (xi) of the Companies (Auditors' report) Order regarding default in repayment of dues to banks and debenture holders are not applicable to the Company.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the company is not a nidhi / mutual fund / society. Therefore the provisions of clause 4(xiii) of the order are not applicable to the Company.
- (xiv) According to the information and explanations given to us the Company is not dealing or trading in shares, securities, debentures and other investments. The investments by way of bonds, mutual funds and shares are held by the Company in its own name.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) The Company has not availed term loans during the year and hence provisions of sub clause (xvi) of clause 4 of the Order is not applicable to the Company.
- (xvii) According to the information and explanations given to us and on an overall examination of balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956, during the year hence the question of whether the price at which shares have been issued is prejudicial to the interest of the company does not arise.
- (xix) The Company has not issued any debentures hence the question of whether securities or charge have been created does not arise.
- (xx) The Company has not raised any money by public issues during the year covered by our report.
- (xxi) During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, no fraud (i.e. intentional material misstatements resulting from fraudulent financial reporting and misappropriation of assets) or by the company has been noticed or reported during the year by the company.

For G. M. KAPADIA & CO.
Chartered Accountants
Firm Registration No.104767W

Mumbai

Dated: 11th July, 2011

(Rajen Ashar)
Partner



BALANCE SHEET AS AT 31ST MARCH, 2011

			Rupees in 000'	
	<u>Schedule No</u>		As at 31st March 2011	As at 31st March 2010
SOURCES OF FUNDS				
1	Shareholders' Funds :			
	(a)	Share Capital	4,040	4,040
	(b)	Reserves & Surplus	150,999	150,999
2	Loan Funds :		155,039	155,039
		Secured Loans	—	—
		Unsecured Loans	—	—
	Total		155,039	155,039
APPLICATION OF FUNDS				
1	Fixed Assets :			
	(a)	Gross Block	19,379	24,272
	(b)	Less : Depreciation	(16,362)	(19,248)
	(c)	Net Block	3,017	5,024
		Capital work in progress	596	—
		Assets held for disposal	—	6,738
2	Investments		23,575	13,571
3	Deferred Tax Asset		964	1,156
4	Current Assets, Loans & Advances:			
	(a)	Inventories	4,453	4,900
	(b)	Property under development	13,994	13,994
	(c)	Sundry Debtors	13,648	9,332
	(d)	Cash & Bank Balances	28,068	39,361
	(e)	Loans & Advances	64,529	58,284
			124,692	125,871
	Less :			
	Current Liabilities & Provisions :			
	(a)	Current Liabilities	6,083	4,870
	(b)	Provisions	184	90
			6,267	4,960
	Net Current Assets		118,425	120,911
5	Debit Balance in Profit & Loss A/c		215,455	214,632
	Less: General Reserve (as per contra)		206,993	206,993
			8,462	7,639
	Total		155,039	155,039
Significant accounting policies & notes on accounts	15			

As per our attached report of even date

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

Rajen Ashar
Partner

For and on behalf of the Board

T.R.Kilachand Chairman & Managing Director
P.T.Kilachand Whole Time Director
V.V.Sahasrabudhe Director
Chetan Desai Director
Devang Vyas Director
A. H. Mehta VP - Corporate Affairs &
Company Secretary

POLYCHEM LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

		Rupees in 000	
	Schedule No.	'Year ended 31st March 2011	Year ended 31st March 2010
INCOME			
Net Sales	11	52,270	41,400
Other Income	12	7,819	20,931
(Decrease)/Increase in WIP Stock	13	353	1,770
DEPB Licence Received		167	240
Total		60,609	64,341
EXPENDITURE			
Manufacturing and Other Expenses	14	63,617	55,610
Depreciation		901	881
Total		64,518	56,491
Profit before exceptional Items & Tax		(3,909)	7,850
Exceptional items :			
Reversal on Impairment of Assets		—	3,427
Profit/(Loss) before Tax		(3,909)	11,277
Provision for Taxation :-			
Current Tax		(750)	—
Deferred Tax Asset - written back		(192)	1,156
Profit/(Loss) after tax		(4,851)	12,433
(Short)/Excess Provision for Tax of earlier years		4,306	(1,333)
		(545)	11,100
Deficit brought forward from Previous year		(214,632)	(225,638)
		(215,177)	(214,538)
Prior period Items		(278)	(94)
Deficit carried to Balance Sheet		(215,455)	(214,632)
Basic and Diluted Earnings per share (Ref note no. 7 of schedule 15)		(1.35)	27.47

Significant Accounting Policies and Notes on Accounts 15

As per our attached report of even date

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

Rajen Ashar
Partner

For and on behalf of the Board

T.R.Kilachand Chairman & Managing Director
P.T.Kilachand Whole Time Director
V.V.Sahasrabudhe Director
Chetan Desai Director
Devang Vyas Director
A. H. Mehta VP - Corporate Affairs &
Company Secretary



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

Rupees in 000's

	As at 31st March 2011	As at 31st March 2010
PROFIT / (LOSS) BEFORE TAX	(3,909)	11,277
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Adjustment for:		
Depreciation	901	881
Interest Income	(2,457)	(3,149)
Interest Received Income Tax Refund	—	(6,761)
Interest Payment - Income tax	—	1,169
(Profit)/Loss on Fixed Assets discarded	(4,809)	(5,573)
Mutual Fund Redemption Income	—	(4,426)
Amount no longer payable -written back	(18)	(716)
Fixed Assets - Impairment	—	(3,427)
Provision no longer required	5,000	—
Prior period expenses	(278)	(94)
Operating Profit/(Loss) before working capital changes	(5,570)	(10,819)
(Increase)/Decrease in sundry debtors	(4,316)	(2682)
(Increase)/Decrease in Other Receivables	(5,997)	1,360
Increase/(Decrease) in sundry Creditors & other payables	1,325	1,334
(Increase)/Decrease in Inventories	447	(2,665)
Cash (used in) / generated from operations	(14,111)	(13,472)
Tax payments	(1,692)	(26,874)
Net cash generated from / (used in) Operating activities	(15,803)	(40,346)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(1,650)	(588)
Proceeds from sale of fixed assets	13,707	6,475
Proceeds from sale of investments	10,004	41,935
Proceeds for purchase of investments	(20,008)	—
Interest received	2,280	3,858
Net cash generated from Investing activities	4,333	51,680
C. CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of Loans	—	(33,739)
Net cash (used in) financing activities	—	(33,739)
Net (Decrease)/ Increase in cash and cash equivalents	(11,470)	(22,405)
Cash and cash equivalents at the beginning of the year	39,122	61,527
Cash and cash equivalents at the end of the year	27,652	39,122
Reconciliation of cash and cash equivalents		
As per Balance Sheet - Schedule 7	28,068	39,361
Less : Interest accrued on bank deposits	(416)	(239)
As per Cash flow statement	27,652	39,122

As per our attached report of even date

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

Rajen Ashar
Partner

Mumbai, Dated : 11th July, 2011

For and on behalf of the Board

T.R.Kilachand	Chairman & Managing Director
P.T.Kilachand	Whole Time Director
V.V.Sahasrabudhe	Director
Chetan Desai	Director
Devang Vyas	Director
A. H. Mehta	VP - Corporate Affairs & Company Secretary

Mumbai, Dated : 11th July, 2011

POLYCHEM LIMITED

SCHEDULES FORMING PART OF THE ACCOUNTS

	As at 31st March 2011	Rupees in 000's As at 31st March 2010
Schedule 1		
SHARE CAPITAL		
Authorised		
40,000,000 Equity Shares of Rs 10/- each (40,000,000)	400,000	400,000
600,000 Redeemable Cumulative Preference Shares of Rs 100/- each (600,000)	60,000	60,000
500,000 Cumulative Convertible Preference Shares of Rs 100/- each (500,000)	50,000	50,000
Total	510,000	510,000
Issued, subscribed and paid-up		
4,04,045 equity shares of Rs. 10/- each fully paid up (4,04,045)	4,040	4,040
Total	4,040	4,040

Notes

1 Out of the above Equity Shares :

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

Schedule 2

RESERVES AND SURPLUS

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

Schedule 3

FIXED ASSETS

(Rupees in '000)

Nature of Assets	Gross block			Depreciation			Net block			
	As at 01-Apr-10	Additions	Deductions/ Adjustments	As at 31-Mar-11	Upto 01-Apr-10	For the Year	Deductions/ Adjustments	As at 31-Mar-11	As at 31-Mar-11	As at 31-Mar-10
Building	6,095	—	5,947	148	3,718	103	3,787	34	114	2,377
Plant and Machinery	619	—	—	619	294	46	—	340	279	325
Vehicles	2,291	867	—	3,158	1,666	360	—	2,026	1,132	625
Furniture, fittings and office equipment	15,267	187	—	15,454	13,570	392	—	13,962	1,492	1,697
Capital work in progress	—	—	—	—	—	—	—	—	596	—
Total	24,272	1,054	5,947	19,379	19,248	901	3,787	16,362	3,613	5,024
Previous Year	25,581	588	1,897	24,272	19,411	881	1,044	19,248	5,024	6,170

Note:

Building includes Rs Nil (000) Previous Year Rs 5947(000) being cost of ownership flat. The Company holds Nil shares (Previous Year



	As at 31st March 2011	Rupees in 000's As at 31st March 2010
Schedule 4		
INVESTMENTS		
LONG TERM , NON TRADE INVESTMENTS: (At Cost)		
IN EQUITY SHARES / DEBENTURES OF JOINT STOCK COMPANIES, FULLY PAID UP		
QUOTED		
In equity shares		
600(600) Great Eastern Shipping Co Ltd of Rs 10/- each	219	219
175(175) ICICI Bank Ltd of Rs 10/- each	163	163
800(800) Infrastructure Development Finance Co Ltd of Rs 10/- each	140	140
500(100) Housing Development Finance Corp Ltd of Rs 2/- each	206	206
1500(300) Mundra Port Special Economics Zone Ltd of Rs 2/- each	149	149
600(600) Hindustan Uniliver Ltd of Rs 1/- each	126	126
1200(600) ITC Ltd of Rs 1/- each	111	111
260(260) Larsen & Toubro Ltd of Rs 2/- each	452	452
292(292) Reliance Industries Ltd of Rs 10/- each	393	393
105(105) State Bank of India of Rs 10/- each	147	147
28,66,154 (28,66,154) Gujarat Poly-AVX Electronics Ltd (GPAEL) of Rs 10/- each	41,944	41,944
62(62) Mafatlal Dyes & Chemicals Ltd of Rs 10/- each	—	—
6(6) DCM Shriram Industries Ltd of Rs 10/- each	—	—
9(9) Crecent Finstock Ltd of Rs 10/- each	—	—
1(1) DCM Ltd of Rs 10/- each	—	—
	44,050	44,050
Less : Provision	(30,479)	(30,479)
	13,571	13,571
MUTUAL FUND		
UNQUOTED		
7387(Nil)DSP BlackRock Money Manager Fund - Institutional - Growth Face value of Rs 1000/- each	10,004	—
	10,004	—
Total	23,575	13,571
	Cost (Rs.'000)	Market (Rs.'000)
Aggregate of Quoted Investments	44,050	23,547
Previous Year	44,050	14,534
Aggregate of Unquoted Investments	10,004	—
Previous Year	—	—
Total	54,054	23,547

Acquired and sold during the year

	No of Units	Acquisition cost (Rs'000)
DSP BlackRock Money Manager Fund - Institutional - Daily Dividend (Units of Price Rs 1000/- each)	9,996	10,004

POLYCHEM LIMITED

	As at 31st March 2011	Rupees in 000's As at 31st March 2010
Schedule 5		
INVENTORIES		
Stores, Spares and Packing material	195	192
Raw Material	812	1,543
Work in process	3,279	2,925
DEPB Licence	167	240
Total	4,453	4,900
Schedule 6		
SUNDRY DEBTORS		
(Unsecured and considered good)		
Debts outstanding for a period less than six months	13,648	9,332
Debts outstanding for a period More than six months	—	—
Total	13,648	9,332
Schedule 7		
CASH AND BANK BALANCES		
Cash on hand	59	41
Balances with scheduled banks		
- in Current Accounts	709	1,467
- in Deposit Accounts	27,300	37,853
(including interest accrued Rs 416(000) Previous Year Rs 239(000))		
Total	28,009	39,320
Total	28,068	39,361
Schedule 8		
LOANS AND ADVANCES		
(Unsecured)		
Advances recoverable in cash or in kind or for value to be received	6,767	5,770
Advance Tax / IT Refundable (Net of Provisions)	57,762	52,514
Total	64,529	58,284
Notes:		
1 Considered good	64,529	58,284
2 Loans / Advances to others :		
- Loan to employees	2,169	1,861
Schedule 9		
CURRENT LIABILITIES		
Sundry Creditors :		
- Total outstanding dues to Micro and Small Enterprises	—	—
- Other Creditors	3,776	1,587
Total	3,776	1,587
Other Liabilities	2,307	3,283
Total	6,083	4,870
Schedule 10		
PROVISION		
For Income Tax (Net of Advances)	184	90
Total	184	90



	Year ended 31st March 2011	Rupees in 000's Year ended 31st March 2010
Schedule 11		
GROSS SALES		
Sales - Specialty Chemicals	57,510	44,872
Less: Excise duty	(5,240)	(3,472)
NET SALES	52,270	41,400
Schedule 12		
OTHER INCOME		
Interest on deposits, margin money, etc. (Tax deducted at source Rs 244(000), Previous year Rs 317(000))	2,506	3,149
Interest received on IT Refund	—	6,761
Rent Income	55	65
Profit on Sale of Fixed Assets	4,809	5,573
Amounts no longer payable written back	18	716
Sale of DEPB Licence	337	356
Exchange Fluctuation Difference	56	(284)
Dividend Income	36	24
Profit on Redemption of Mutual Funds	—	4,426
Miscellaneous Income	2	145
Total	7,819	20,931
Schedule 13		
(DECREASE)/INCREASE IN STOCK OF WORK IN PROCESS		
Work in Process - 31st March 2011	3,279	2,925
Work in Process - 1st April 2010	(2,926)	(1,155)
(Decrease)/Increase	353	1,770
Schedule 14		
MANUFACTURING AND OTHER EXPENSES		
Raw Materials consumed	33,235	26,886
Conversion and processing charges	7,679	6,243
<u>Payments to and provisions for employees</u>		
Salaries, wages and bonus	5,285	4,696
Contribution to provident and other funds	682	442
Gratuity and superannuation benefits	644	522
Other Benefits	376	341
Staff welfare expenses	806	751
	7,793	6,752
Operating and other expenses :		
Stores, spares and packing materials consumed	623	641
Electric power, oil, fuel and water charges	533	729
Rent	2,064	1,967
Rates and taxes	316	138
Selling and distribution expenses	2,571	1,385
Insurance	17	58
<u>Repairs and Maintenance</u>		
- Machinery	42	3
- Building	183	266
- Others	435	275
	660	544
Telephone expenses	616	610
Legal and professional fees	3,934	5,533
Directors sitting fees	24	9
Interest on Income tax demand	—	1,169
Miscellaneous expenses	3,552	2,946
	14,910	15,729
Total	63,617	55,610

Schedules forming part of the Accounts

Schedule 15

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

A .SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The Company follows the mercantile system of accounting and recognises income and expenditure on accrual basis. The accounts are prepared under historical cost convention and are in conformity with the requirements of accounting standards prescribed by Companies (Accounting standard) Rules, 2006 and the provision of the Companies Act, 1956.

USE OF ESTIMATE

The preparation of financial statement in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amounts of the assets and liabilities on the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Difference between actual results and estimates are recognized in the period in which the results get materialized.

FIXED ASSETS

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

ASSETS HELD FOR DISPOSAL

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

DEPRECIATION

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

INVESTMENTS

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

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

INVENTORIES

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

Cost of work-in-process and finished goods is determined on the basis of absorption costing method.

PROPERTY UNDER DEVELOPMENT

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

EMPLOYEE BENEFITS

a) Short term employee benefits (benefits which are payable within twelve months after the end of the period in which employees render services) are measured at cost.

(b) Long term employee benefits (benefits which are payable after the end of twelve months in which the employees render services) and post employment benefits (benefits which are payable on completion of employment) are measured on a discounted basis by the Projected Unit Credit Method on the basis of actuarial valuation annually.

(c) Contributions to Provident Fund, a defined contribution plan are made in accordance with the statute, and the recognised as an expense when employees have rendered service entitling them to the contributions.

(d) The cost of providing gratuity, a defined benefit contribution plan, is determined using Projected Unit Credit Method on the basis of actuarial valuation carried out by actuaries at the balance sheet date. The gratuity obligation recognized in balance sheet represents the present value of the obligation as reduced by the fair value of plan assets. Actuarial gains and losses are recognised in the Profit & Loss Account

ACCOUNTING OF CENVAT CREDIT

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

REVENUE RECOGNITION

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

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

FOREIGN CURRENCY TRANSACTIONS

a) Foreign currency transactions are accounted at the exchange rate prevailing on the date of transaction.

b) The difference between the rate at which the transactions are accounted as stated above and the contracted rate is spread over the life of the contract. The difference on account of fluctuation in the rate of exchange is dealt with in the Profit and Loss Account.

c) Year end monetary assets are translated at year end rate of exchange.

DOUBTFUL DEBTS AND ADVANCES

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

BORROWING COSTS

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

TAXES ON INCOME

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

Deferred income taxes reflect the impact of current year's timing differences between taxable incomes and



accounting income of the year and reversal of timing differences of earlier years. Deferred tax assets are recognized to the extent there is reasonable certainty that these assets can be realized in future. The break up of deferred tax asset is as under :

Particulars	As on 31/03/2011 (Rs ,000)		As on 31/03/2010 (Rs '000)	
	Deferred tax asset	Deferred tax liability	Deferred tax asset	Deferred tax liability
Difference between book and tax depreciation	(192)	-	1,156	-
Total	(192)	-	1,156	-

PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

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

B. NOTES ON ACCOUNTS

1. Contingent Liabilities in respect of:

	Current Year Rupees in '000	Previous year Rupees in '000
(i) <i>Claims against the Company not acknowledged as debts:</i>	1,239	1,239
Relates to Octroi matter, employees claims etc. No provision is made, as the Company is hopeful of successfully contesting the claims and as such does not expect any significant liability to crystallise.		
(ii) Guarantees given by the banks on behalf of the Company for import licence in favour of Customs, Central Excise and Others.	534	534
(iii) Bonds executed in favour of the Collector of Central Excise, Mumbai for export of goods	1,260	1,260
(iv) Disputed tax liabilities contested by the Company (Refer note no. 2)	85	120,502
(v) The Company has taken certain premises on sub-lease. The Landlord a Government Company issued a notice under the Public Premises (Eviction of Unauthorised Occupants) Act, 1971 against the Company for eviction and has demanded damages and other charges, which are disputed by the Company. The proceedings in this connection are pending before the Estate Officer. The Contingent liability in respect of damages, interest claimed		

by the Insurance Company cannot be quantified.

2. Company is also pursuing the pending income tax and sales tax cases.

3. Payment to Auditors:

	Current Year Rupees in '000	Previous year Rupees in '000
(a) As auditors	150	150
(b) As advisors, or in any other capacity, in respect of: —Taxation matters	-	103
(c) For Limited review	100	100
(d) For VAT Audit	30	50
(e) For Tax Authority Representation	154	443
(f) For service tax	43	46
Total	477	892

4. Amount of lease rental charged to the profit and loss account in respect of premises taken on cancellable operating lease is Rs.183(000) [previous year, Rs.155(000)]

5. Balance of Sundry creditors, Loans and advances, Deposits are subject to confirmation and subsequent reconciliation and adjustments, if any.

6. **Employee Benefits**

(i) Defined Contribution plans :

Company's contribution to Provident Fund is Rs.3.53 lacs (Previous year Rs3.15 lacs)

(ii) Defined Benefits Plans :

The following table sets out the funded status of the Gratuity Plan and the amounts recognised Company's financial statements as at 31st March, 2011.

(a) Change showing changes in present value of obligations

	As at 31.03.2011 (Rs.000)	As at 31.03.2010 (Rs.000)
Present value of obligations as at beginning of year	1932	1714
Interest cost	154	137
Current Service Cost	111	98
Benefits Paid	—	—
Actuarial (Gain)/Loss on obligations	569	(17)
Present value of obligations as at end of year	2766	1932

(b) Changes in the fair value of plan assets

Fair value of plan assets at beginning of year	2098	1811
Expected return on plan assets	168	150
Contributions	—	119
Benefits Paid	—	—
Actuarial Gain/(Loss)	26	18
Fair value of plan assets at end of year	2292	2098

POLYCHEM LIMITED

(c) Fair Value of Plan Assets

Fair value of plan assets at the beginning of year	2098	1811
Actual return on plan assets	194	168
Contributions	—	119
Benefits Paid	—	—
Fair value of plan assets at the end of the year	2292	2098
Funded status	(474)	166
Excess of Actual over estimated return on plan assets (Actual rate of return = Estimated rate return as ARD falls on 31st March)	26	18

(d) Actuarial Gain/(Loss) recognised

Actuarial Gain/(loss) for the year - Obligation	(569)	17
Actuarial Gain/(Loss) for the year - Plan Assets	26	18

Total (Gain)/Loss for the year	(543)	35
--------------------------------	-------	----

Actuarial (Gain)/Loss recognised in the year	—	(35)
--	---	------

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

Present value of obligations as at the end of year	2766	1932
Fair value of plan assets as at the end of the year	(2292)	(2098)
Funded status	—	—
Net Asset/(Liability) recognised in the balance sheet	(474)	(166)

(f) Expenses Recognised in statement of profit and loss

Current service cost	111	98
Interest Cost	155	137
Expected return on plan assets	(168)	(150)
Net Actuarial (Gain)/Loss recognised in the year	543	(35)
Expenses recognised in statement of Profit and loss	640	50

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

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

(h) Assumptions

	Gratuity	
	2010-11	2009-10
Discount Rate (per annum)	8.00%	8.00%
Expected rate of return on plan assets (per annum)	8.00%	8.00%
Expected rate of increase in compensation levels (per annum)	4.00%	6.00%

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

		Previous Year
Net Profit/(Loss) for the year after tax (Rs'000)	(4,851)	12,433
Excess/(Short) provision for tax of earlier Years (Rs'000)	4,306	(1,333)
Profit/(Loss) attributable to equity shareholders(Rs'000)	(545)	11,100
Weighted Average No of Equity Shares outstanding during the year	404,045	404,045
Basic/Diluted Earning per share	(1.35)	27.47
Nominal value per share (Rs.)	10/-	10/-

8. Related Party Transactions

(a) Names of related parties and description of relationship

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

(b) Details of Transactions are as below :

(Rupees in '000s)

Particulars	Substantial Interest		Key Managerial Personnel		Total	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Expenses payable	1284	1170	—	—	1284	1170
Expenses recoverable	1208	1224	—	—	1208	1224
Managerial Remuneration Outstanding	—	—	—	—	—	—
Balance Payable	—	74	—	—	—	74



11. Segment information

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

The Company has two business segments :

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

(Rupees in 000's)

Particulars	Current Year			Previous Year		
	Property Development	Specialty Chemicals	Total	Property Development	Specialty Chemicals	Total
REVENUE						
From External Customer	—	52,270	52,270	—	41,400	41,400
Add : Inter Segment Sales	—	—	—	—	—	—
TOTAL REVENUE	—	52,270	52,270	—	41,400	41,400
SEGMENT RESULT	—	4,780	4,780	—	4,323	4,323
<u>Unallocated income:</u>						
Interest and other income			7,819			21,215
<u>Unallocated expenses:</u>						
Other expenses			16,508			14,261
Interest expense					—	
PROFIT / (LOSS) BEFORE TAX			(3,909)			11,277
Provision for current tax			(942)			1,156
PROFIT / (LOSS) AFTER TAX			(4,851)			12,433
OTHER INFORMATON						
Segment Assets	13,994	22,845	36,839	13,994	17,746	31,740
Unallocated Corporate Assets			116,005			120,620
Total Assets			152,844			152,360
Segment Liabilities	—	3,246	3,246	—	726	726
Unallocated Corporate Liabilities			158,060			159,273
Total Liabilities			161,306			159,999
Additions to Fixed Assets During Yr	—	1,054	1,054	—	220	220
Depreciation	—	112	112	—	150	150
<u>Significant non-cash expense other than depreciation:</u>				1,169		1,169
Loss on fixed assets discarded			—			—
Irrecoverable balances Written off			—			—

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

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

POLYCHEM LIMITED

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

(A) SALES (NET OF EXCISE DUTY):

Class of Goods	Unit	Quantity	Rupees (in '000s)	Previous Year Quantity	Previous Year Rupees (in '000s)
Specialty Chemicals:					
Cross Linked Polystyrene	Kgs	269,380	35,548	219,225	27,094
LMPS	Kgs	92,725	12,003	84,540	10,537
SBA PC- 50 / 30	Kgs	51,580	4,042	47,120	3,306
Others	Kgs	4,832	677	3,421	463
Total			52,270		41,400

(B) RAW MATERIALS CONSUMED:

Class of Goods	Unit	Quantity	Rupees (in '000s)	Previous Year Quantity	Previous Year Rupees (in '000s)
Specialty Chemicals:					
Styrene Monomer	Kgs	267,310	25,442	388,938	21,599
Butyl Acrylate	Kgs	10,800	1,764	9,540	815
Others	Kgs	184,481	6,029	23,536	4,472
Total			33,235		26,886

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

Class of goods	Unit	Licensed capacity	Installed capacity	Actual production	Licensed capacity	Previous Year	
						Installed capacity	Actual production
Specialty Chemicals	Kgs	NA	500,000	402,070	NA	500,000	366,761

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

(D) VALUE OF RAW MATERIALS CONSUMED:

	Rupees (in '000s)	% age of Consumption	Previous Year	
			Rupees (in '000s)	% age of Consumption
Imported	-	-	-	-
Indigenous	33,235	100.00	26,886	100.00
Total	33,235	100.00	26,886	100.00

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

	Rupees (in '000s)	% age of Consumption	Previous Year	
			Rupees (in '000s)	% age of Consumption
Imported	-	-	-	-
Indigenous	623	100.00	641	100.00
Total	623	100.00	641	100.00

11 Figures for the previous year have been regrouped wherever necessary to correspond with the figures of the current year.
Signatures to Schedules 1 to 15

As per our attached report of even date

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

Rajen Ashar
Partner

Mumbai, Dated : 11th July, 2011

For and on behalf of the Board

T.R.Kilachand Chairman & Managing Director
P.T.Kilachand Whole Time Director
V.V.Sahasrabudhe Director
Chetan Desai Director
Devang Vyas Director
A. H. Mehta VP - Corporate Affairs &
Company Secretary

Mumbai, Dated : 11th July, 2011

**Balance sheet abstract and Company's general business profile****I. Registration details**Registration no.

		9	6	6	3		
--	--	---	---	---	---	--	--

Balance sheet date

3	1		0	3		2	0	1	1
---	---	--	---	---	--	---	---	---	---

State code

1	1
---	---

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

Public issue

		N	I	L		
--	--	---	---	---	--	--

Bonus issue

		N	I	L		
--	--	---	---	---	--	--

Rights issue

		N	I	L		
--	--	---	---	---	--	--

Private placement

		N	I	L		
--	--	---	---	---	--	--

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

Total liabilities

		1	6	1	3	0	6
--	--	---	---	---	---	---	---

Total assets

		1	6	1	3	0	6
--	--	---	---	---	---	---	---

Sources of funds

Paid-up capital

(including share capital suspense and equity warrants)

			4	0	4	0
--	--	--	---	---	---	---

Secured loans

		N	I	L		
--	--	---	---	---	--	--

Application of funds

Net fixed assets

			3	0	1	7
--	--	--	---	---	---	---

Investments

			2	3	5	7	5
--	--	--	---	---	---	---	---

Miscellaneous Expenditure

		N	I	L		
--	--	---	---	---	--	--

Reserves and surplus

		1	5	0	9	9	9
--	--	---	---	---	---	---	---

Unsecured loans

				N	I	L
--	--	--	--	---	---	---

Deferred Tax Asset

					9	6	4
--	--	--	--	--	---	---	---

Net Current assets

		1	1	8	4	2	5
--	--	---	---	---	---	---	---

Accumulated Losses

			8	4	6	2
--	--	--	---	---	---	---

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

Turnover

			6	0	6	0	9
--	--	--	---	---	---	---	---

+ (-) Profit/ (loss) before tax

	✓		(3	9	0	9)
--	---	--	---	---	---	---	---	---

Earnings per share (Rupees)

Refer Note 7 of Schedule 15							
-----------------------------	--	--	--	--	--	--	--

Total expenditure

			6	4	5	1	8
--	--	--	---	---	---	---	---

+ (-) Profit/ (loss) after tax

	✓		(4	8	5	1)
--	---	--	---	---	---	---	---	---

Dividend %

		N	I	L		
--	--	---	---	---	--	--

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

Item Code no (ITC Code)

--	--	--	--	--	--	--	--	--	--

Product description

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

For and on behalf of the Board

T.R.Kilachand Chairman & Managing Director
P.T.Kilachand Whole Time Director
V.V.Sahasrabudhe Director
Chetan Desai Director
Devang Vyas Director
A. H. Mehta VP - Corporate Affairs & Company Secretary

Mumbai, Dated : 11th July, 2011



POLYCHEM LIMITED

ATTENDANCE SLIP

TO BE HANDED OVER AT THE ENTRANCE OF THE MEETING HALL

Full Name of the member attending :

Full Name of the first joint-holder :

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

Name of Proxy :

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

I hereby record my presence at the Fifty Fourth ANNUAL GENERAL MEETING of the Company held at Mumbai 400 001 at 10.30 a.m. on Monday, 5th September, 2011.

Client ID No. :

DP ID No. :

Registered Folio No. :

No. of Shares held :

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



POLYCHEM LIMITED

FORM OF PROXY

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

I/We of in the district of being a member/ members of the above-named Company hereby appoint of in the district of or failing him of in the district of as my/our proxy to attend and vote for me/ us on my/our behalf at the Fifty Fourth Annual General Meeting of the Company to be held on Monday, 5th September, 2011 and at any adjournment thereof.

Client ID No. :

Signed this day of 2011

DP ID No. :

Registered Folio No. :

No. of Shares held :

Affix
Revenue
Stamp

(Signature of member)

BOOK-POST

If undelivered, please return to:

POLYCHEM LIMITED

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