

POLYSPIN EXPORTS LTD

(100% EXPORT ORIENTED UNIT)

RAJAPALAYAM



*Twenty Third Annual Report and Balance sheet
as at 31st March 2008*

POLYSPIN EXPORTS LIMITED

BOARD OF DIRECTORS : SHRI A. RAMMOHAN RAJA, *Managing Director*
SHRI K. LAKSHMI NARAYANAN
SHRI S.R. SUBRAMANIAN
SHRI P.K. RAMASUBRAMANIAN
SHRI A. THIRUPPATHY RAJA
SHRI S. SHANKAR
SHRI S.V. RAVI
SHRI R. RAMJI, *Joint Managing Director*

SECRETARY : SHRI P.S. RAMANATHAN

AUDITORS : M/s. KRISHNAN AND RAMAN,
CHARTERED ACCOUNTANTS,
RAJAPALAYAM.

BANKERS : CITY UNION BANK LTD.
RAJAPALAYAM.

REGISTERED OFFICE : 351, P.A.C.R. SALAI,
RAJAPALAYAM - 626 117.

**FACTORY &
ADMINISTRATIVE OFFICE** : 1, RAILWAY FEEDER ROAD,
CHOLAPURAM SOUTH - 626 139.
RAJAPALAYAM.

LISTED STOCK EXCHANGE : MADRAS STOCK EXCHANGE,
POST BOX NO. 183,
11, SECOND LINE BEACH,
CHENNAI - 600 001.

REGISTRAR & TRANSFER AGENTS : M/s. Integrated Enterprises (India) Ltd.,
2 nd Floor, Kences Tower,
No. 1, Ramakrishna Street,
North Usman Road, T. Nagar,
Chennai - 600 017.
Phone No. : 044 - 28140801

NOTICE :

Notice is hereby given that the Twenty Third Annual General Meeting of the members of the Company will be held at 9.30 A.M. on Monday, the 11th August, 2008 at Sri Arjuna Manthiram, No. 12, Sri Krishna Colony, P.A.C.R. Salai, Rajapalayam, to transact the following business.

Agenda :

1. To receive and adopt the Balance Sheet as at 31st March, 2008, Profit and Loss Account for the period ended on that date and the reports of Directors and Auditors thereon.
2. To appoint a Director in place of Sri S. Shankar who retires by rotation and being eligible offers himself for re-election.
3. To appoint a Director in place of Sri S.V. Ravi who retires by rotation and being eligible offers himself for re-election.
4. To appoint Auditors and fix their remuneration. M/s. Krishnan & Raman, Chartered Accountants, the retiring Auditor is eligible for re-appointment.

SPECIAL BUSINESS :

5. To consider and if thought fit, to pass with or without modification, the following resolution as an ordinary resolution.

RESOLVED that Sri P.K. Ramasubramanian, be and is hereby appointed as Director of the Company subject to retirement by rotation.

6. To consider and if thought fit, to pass with or without modification, the following resolution as an ordinary resolution.

RESOLVED that pursuant to the Resolution passed by the Board of Directors in their meeting held on 16th June, 2008 and subject to the provisions of the Companies Act, 1956 read with Schedule XIII and other applicable provisions if any and subject to such approvals as may be necessary, the Company hereby accords its consent and approval to the payment of increased remuneration to Sri A. RAMMOHAN RAJA, Managing Director of the Company with effect from 1st June, 2008 on the following terms and conditions.

- (a) Salary : Rs. 1,00,000/- per month including Dearness allowance.
(b) Commission and perquisites : Same as per the Original Agreement.

By order of the Board,

Place : Rajapalayam
Date : 16-06-2008.

P.S. RAMANATHAN
Secretary

Notes :

- (a) A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member.
- (b) The instrument appointing a proxy should however be deposited at the registered office of the company not less than forty eight hours before the commencement of the meeting.

- (c) The Register of Members and the Share Transfer Books of the Company will remain closed from 1.8.2008 to 10.08.2008 (both days inclusive)
- (d) The dividend on the Equity shares as recommended by the Board will be paid on the approval of the members of the company to the eligible shareholders whose name appear in the company's register of members as on 11th August '08 and to the eligible beneficial owners whose name appear in the list provided by the Depositories - National Securities Depository Ltd and Central Depository Services (India) Ltd as on 31st July '08.
- (e) Members holding shares in physical form are requested to notify immediately change in their address, if any, to the Company quoting their folio numbers and members holding shares in Electronic form to their respective depository participant.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF COMPANIES ACT, 1956

Item No. 5

Sri P.K. Ramasubramanian was appointed Additional Director of the Company by the Board of Directors and his term of office expires at the ensuing Annual General Meeting. Sri P.K. Ramasubramanian, B.Sc., A.C.S., A.I.C.W.A. possesses vast and varied experience in the fields of Cost Accounting, Corporate law, Direct and Indirect Taxation.

He has held senior position in reputed Cement Companies. His association would immensely be advantageous to the company. He will be an Independent and Non-executive Director.

The Company has received a notice alongwith a Deposit of Rs. 500/- under the provisions of section 257 of the Companies Act, 1956 from a member signifying intention to propose the appointment of Sri P.K. Ramasubramanian as Director of the Company subject to retirement by rotation.

None of the Directors except Sri P.K. Ramasubramanian is interested in this item of business.

Item No. 6

Sri A. RAMMOHAN RAJA, the Managing Director of the Company was appointed as per the Resolution of the Members at the Annual General Meeting held on 31st August, 1994. He has been responsible for the development of the Company all these years. He is the pioneer in woven sack industry and due to his continuous efforts, the Company has established itself as one of the best 100% Export Oriented Units. As per the terms of contract, though he is eligible for 3% commission on the net profits, the same has not been paid to him. Considering the development and higher responsibilities, the Board of Directors at the meeting held on 16th June, 2008, have modified the terms and conditions in respect of the Salary by fixing it at Rs. 1,00,000/- per month. Except this there is no change in other terms and conditions of Appointment. The above is subject to the approval of the Shareholders of the Company. Hence the above Resolution.

None of the Directors except Sri A. RAMMOHAN RAJA, Sri R. RAMJI and Sri S.V. RAVI are concerned or interested in this item of business.

By order of the Board,

Place : Rajapalayam
Date : 16-06-2008.

P.S. RAMANATHAN
Secretary

DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting the Twenty Third Annual Report on the working of the Company and Audited Accounts for the year ended 31st March, 2008.

FINANCIAL RESULTS :

	Year ended 31.03.2008	Year ended 31.03.2007
	Rs.	Rs.
Sales and other Income	35,74,57,857	34,87,60,032
Operating Profit (Profit before interest, Depreciation and Tax)	2,43,87,638	2,18,64,588
LESS : Interest	1,07,75,772	1,01,98,340
Profit before Depreciation and Tax	1,36,11,866	1,16,66,248
LESS : Depreciation	65,58,141	57,92,850
Profit before Tax	70,53,725	58,73,398
Surplus Brought forward from previous year	1,02,735	1,83,861
Add : Excess provision for Taxation withdrawn	-----	1,45,475
Add : Provision for Taxation - Deferred	3,50,000	85,000
	75,06,460	62,87,734
LESS : Provision for Taxation - Current	27,00,000	21,00,000
Provision for Fringe Benefit Tax	55,000	85,000
Profit available for appropriation	47,51,460	41,02,734

Your directors propose to appropriate the same as follows :

Proposed Dividend @ 7%	28,00,000	---- Nil ----
Tax on Proposed Dividend	4,75,860	---- Nil ----
Transfer to General Reserve	10,00,000	40,00,000
Balance carried over to Balance Sheet	4,75,600	1,02,734
	47,51,460	41,02,734

DIVIDEND :

Your Directors are pleased to recommend the payment of Dividend at 7%.

This Dividend is not taxable in the hands of the Members. However, Tax on the Dividend amounting to Rs. 4.76 Lakhs would be paid by the Company.

MANAGEMENT DISCUSSION AND ANALYSIS :**REVIEW OF THE OPERATION, CURRENT TRENDS AND FUTURE PROSPECTS :****PRODUCTION AND SALES**

The Production and Sale of the Company's products, PP woven FIBC bags were as follows :

	Year ended 31.03.2007	Year ended 31.03.2008	Increase Percentage
Production (Kgs)	30,51,443	30,88,021	1.20 %
Sales (Kgs)	30,66,853	31,44,498	2.53 %

The price of crude oil has increased manifold. As a consequent the price of PP Granules, the main raw material is also on the increase. The country is on a healthy economic growth but with higher inflation rate. All these factors contribute to the price increase of inputs and is likely to have an impact on the profitability. However, by the adoption of innovative methods for economic production and efficient marketing, the profitability is likely to be maintained.

Your Directors are therefore confident of improved performance and profitability for the ensuing years.

DEPOSITS :

The total amount of deposits as on 31st March, 2008 was Rs. 178.52 Lakhs. The Company has no overdue deposits.

ENERGY CONSERVATION / TECHNOLOGY ABSORPTION / FOREIGN EXCHANGE :

In terms of section 217(i) (e) of the Companies Act, 1956, read with the companies (Disclosure of particulars in the report of Board of Directors) rules 1988, the following informations are furnished.

ENERGY CONSERVATION :

Strict control was exercised during the year for economising the use of power.

TECHNOLOGY ABSORPTION :

Since the company has not taken steps regarding Research and Development, the particulars to be furnished under technology absorption is not applicable.

FOREIGN EXCHANGE EARNINGS AND OUTGO :

The outgo of foreign exchange during the year is Rs. 1199.56 Lakhs. The foreign exchange earnings during the year is Rs. 3255.53 Lakhs.

PARTICULARS OF EMPLOYEES :

Statement under Section 217 (2A) of the Companies Act, 1956 has not been furnished, since none of the employee is getting remuneration of more than Rs. 2,00,000/- per month or Rs.24,00,000/- per annum.

RESPONSIBILITY STATEMENT :

The Directors confirm :

- a) That in the preparation of the annual accounts, the applicable accounting standards have been followed and that no material departures have been made from the same;
- b) That appropriate accounting policies have been selected and applied them 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 at the end of the financial year and of the profit or loss of the company for that period;
- c) That 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) That the annual accounts have been prepared on a going concern basis.

DIRECTORS :

1. Sri S. Kalyanam resigned from the Board of Directors and the Board wishes to place on record his services to the Company.
2. Sri P.K. Ramasubramanian was appointed as an additional Director and his term expires at the ensuing Annual General Meeting. It is proposed to appoint him as Director at the ensuing meeting subject to retirement by rotation.
3. Sri S. Shankar and Sri S.V. Ravi, Directors retire by rotation at the ensuing Annual General Meeting and they are eligible for re-appointment.

AUDITORS :

M/s. Krishnan & Raman, Chartered Accountants, retire at the ensuing Annual General Meeting and are eligible for re-appointment.

REPORT ON CORPORATE GOVERNANCE :

A report on Corporate Governance is annexed herewith and it forms part of the Directors Report.

ACKNOWLEDGEMENT :

Your Directors thank City Union Bank Ltd., for their help and co-operation during the year.

The Board also records its appreciation for the hard and dedicated efforts of the employees at all levels.

On Behalf of the Board,
For POLYSPIN EXPORTS LIMITED,

Place : Rajapalayam
Date : 16.06.2008

A. RAMMOHAN RAJA
MANAGING DIRECTOR

REPORT ON CORPORATE GOVERNANCE

The Company is firmly and sincerely committed to the principles of good Corporate Governance and has taken all possible steps to enhance the interest of Shareholders, Employees, Customers and the Nation. Your Company believes in conducting the business in the most ethical way and that is the way in which it has conducted itself all these years and would continue to do so.

I. BOARD OF DIRECTORS

The Company is managed by the Board of Directors. Sri. A. Rammohan Raja is the Managing Director. He is assisted by Sri. R. Ramji, Joint Managing Director in the day to day affairs of the Company. The Board consists of eight Directors out of whom six are Non-executive Directors. There are Four independent Directors, who are eminent persons in the field of Banking, Finance, Management, Corporate Law and Business.

The Board consists of Eight Directors:

Name of the Directors	Category	Number of other Directorship Held	
		PUBLIC	PRIVATE
1) Sri A. RAMMOHAN RAJA	Executive - Managing Director	2	3
2) Sri K. LAKSHMI NARAYANAN	Non-Executive / Independent	--	1
3) Sri S.R. SUBRAMANIAN	Non-Executive	1	1
4) Sri P.K. RAMASUBRAMANIAN	Non-Executive / Independent	--	--
5) Sri A. THIRUPPATHY RAJA	- do -	--	--
6) Sri S. SHANKAR	- do -	--	2
7) Sri S.V. RAVI	Non-Executive	2	2
8) Sri R. RAMJI	Executive - Joint Managing Director	3	1

Five Meetings of the Board of Directors of the Company was held during the year 2007-2008 on 30.04.07, 28.07.07, 31.08.07, 26.10.07 & 24.01.08

Name of the Directors	Attendance at the Board Meeting	Attendance at Last AGM
1) Sri A. RAMMOHAN RAJA	5	Yes
2) Sri K. LAKSHMI NARAYANAN	5	No
3) Sri S. KALYANAM	3	No
4) Sri S.R. SUBRAMANIAN	5	Yes
5) Sri A. THIRUPPATHY RAJA	5	Yes
6) Sri S. SHANKAR	4	No
7) Sri S.V. RAVI	5	Yes
8) Sri R. RAMJI	5	Yes

II. BRIEF RESUME OF THE DIRECTORS SEEKING REAPPOINTMENT :

Name of the Director	Sri S. Shankar		Sri S.V. Ravi	
Age (Years)	51		49	
Date of Appointment	06.07.2001		27.11.1992	
Expertise in specific functional area	Chartered Accountant and Management Consultant		Industrialist	
Qualification	F.C.A.,		B.A.,	
List of outside Directorship held	PUBLIC	PRIVATE	PUBLIC	PRIVATE
	---	2	1	2
Chairman / Member of the committee of the Board of Directors of the Company	Audit Committee (Member)		Audit Committee (Member)	
Chairman / Member of the committee of Directors of other Companies	NIL		NIL	

II. A. BRIEF RESUME OF THE DIRECTOR PROPOSED TO BE REAPPOINTED AT THE ANNUAL GENERAL MEETING :

Name of the Director	Sri P.K. Ramasubramanian	
Age (Years)	69	
Date of Appointment	24.01.2008 as Additional Director	
Expertise in specific functional area	Practising Company Secretary, Company Law & Cost Accounting	
Qualification	B.Sc., A.C.S., A.I.C.W.A.	
List of outside Directorship held	PUBLIC	PRIVATE
	---	--
Chairman / Member of the committee of the Board of Directors of the Company	Remuneration Committee (Member)	
Chairman / Member of the committee of Directors of other Companies	NIL	

III. AUDIT COMMITTEE

Terms of Reference :

The Terms of Reference of the Audit Committee pertains to the areas referred to in Sec. 292A of the Companies Act and Clause 49 of the Listing Agreement with the Stock Exchange. The Audit Committee Consists of Sri K. Lakshmi Narayanan, (Chairman of the Committee), Sri S.V. Ravi, and Sri S. Shankar. Sri P.S. Ramanathan is the Secretary of the Committee.

The Audit Committee met four times during the financial year on 30.04.07, 28.07.07, 26.10.07 & 24.01.08.

IV. SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE :

The Company has formed an Investors / Shareholders Grievance Committee consisting of Sri S.R. Subramanian (Chairman of the Committee), Sri A. Thiruppathy Raja, and Sri R. Ramji, Sri P.S. Ramanathan is the Compliance Officer.

The Committee met three times during the financial year on 30.04.07, 28.07.07 & 24.01.08.

No. of Shareholders queries / complaints received during 2007-08	- 63
No. of Complaints / queries not solved to the satisfaction of Shareholders	- Nil
No. of Pending Share Transfer	- Nil
No. of Pending Change of Address	- Nil

V. REMUNERATION COMMITTEE :

A Remuneration Committee under the provisions of Schedule XIII of the Companies Act, 1956 and the Listing Agreement has been constituted with three Non-executive / Independent Directors, namely Sri K. Lakshmi Narayanan, Sri P.K. Ramaubramanian and Sri A. Thiruppathy Raja as members. Sri P.S. Ramanathan is the Secretary of the committee. Based on the approval accorded by the Remuneration Committee, the Board of Directors determine the Remuneration payable to the Managing Director which is subject to the approval of the shareholders.

VI. REMUNERATION OF DIRECTORS

- 1) Details of Remuneration paid to the Managing Director during the year 2007-08 are given below:

<u>Name and Designation</u>	<u>Salary & Perquisites</u> <u>(Rupees in Lakhs)</u>
Sri A. RAMMOHAN RAJA, Managing Director	8.14

No commission has been paid to the Managing Director, though he is eligible.

- 2) Sri R. Ramji, Joint Managing Director does not draw any remuneration.
3) The Non-Executive Directors do not draw any remuneration and no sitting fee has been paid for attending the meeting of the Board and Committee.

VII. DISCLOSURE OF SHAREHOLDING OF NON-EXECUTIVE DIRECTORS :

Name of the Non-Executive Directors	No. of Shares
1) Sri. K. LAKSHMI NARAYANAN	7,500
2) Sri. S.R. SUBRAMANIAN	24,100
3) Sri. P.K. RAMASUBRAMANIAN	3,000
4) Sri. A. THIRUPPATHY RAJA	500
5) Sri. S. SHANKAR	1,500
6) Sri. S.V. RAVI	6,300

VIII. DISCLOSURE OF RELATIONSHIP OF THE DIRECTORS :

Sri A. Rammohan Raja, Managing Director is the father of Sri R. Ramji, Joint Managing Director and Father-in-Law of Sri S.V. Ravi. Except this there is no other relationship among the Directors.

IX. WHISTLE BLOWER POLICY :

A forum to enable the concerned personnel of the Company to report any deviation or other acts which are against the general code of conduct of personnel, business and other activities has been created.

X. DISCLOSURES :

Disclosures on materially significant, related party transactions i.e., transaction of the Company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives etc., that may have potential conflict with the interest of Company at large : **NIL**

The Companies in which the Non-executive Directors are holding the Directorship are considered Related parties as per Accounting Standard 18 issued by the Institute of Chartered Accountants of India and the transaction with such companies are disclosed in Note No. 23 Point No.6(C) Notes forming part of the accounts.

Details of non compliance by the company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years : **NIL**

XI. GENERAL BODY MEETING :

Details of the Date , Location and Time of the last three AGM.

Date	Venue	Time
26.09.2005	Sri Arjuna Manthiram, Rajapalayam.	9.30 A.M.
20.09.2006	- do -	9.30 A.M.
31.08.2007	- do -	9.30 A.M.

Postal Ballot

No special Resolution requiring Postal Ballot as required by the Companies (passing of the resolutions by postal ballot) Rules, 2001/ Clause 49 of the Listing Agreement has been placed for Shareholders approval at the last Annual General Meeting and the company is not proposing any special resolution to be taken up at the ensuing Annual General Meeting through postal ballot.

XII. MEANS OF COMMUNICATION :

Quarterly results and Half yearly results are generally published in Business Line (English) and Dinamalar (Tamil).

Tentative Schedule for Publication of Financial Results of the Company :

Unaudited results for the First Quarter - 15th to 31st of July

Unaudited results for the Second Quarter - 15th to 31st of October

Unaudited results for the Third Quarter - 15th to 31st of January

Unaudited results for the Fourth Quarter - 15th to 30th of April

XIII. MANAGEMENT DISCUSSION AND ANALYSIS :

The matters that are required to be discussed as per the listing Agreement in respect of management Discussion & Analysis has been stated in the Directors report.

XIV. SHAREHOLDERS INFORMATION

1. FINANCIAL CALENDER : Year ended March 31, 2008
2. ANNUAL GENERAL MEETING : TWENTY THIRD
3. DATE & TIME : 11th August 2008 --- 9.30 A.M.
4. VENUE : Sri Arjuna Manthiram
No. 12, Sri Krishna Colony,
P.A.C.R. Salai, Rajapalayam.
5. DATE OF BOOK CLOSURE : 01.08.2008 to 10.08.2008
6. LISTED STOCK EXCHANGE : The Madras Stock Exchange, Chennai.

The Company has paid Annual listing fee to the above Stock Exchange for the financial year 2008-2009.
7. The Company's Shares are permitted to be traded in Bombay Stock Exchange under INDONEXT Platform with effect from 15.05.2006.
8. STOCK CODE : 1. BSE - 590055 (INDONEXT)
2. MSE - PSK
9. STOCK PRICE PERFORMANCE :

The Share price movement in Bombay Stock Exchange is given below.

Month	High (Rs.)	Low (Rs.)
April 2007	15.39	12.35
May 2007	16.88	11.10
June 2007	14.48	11.00
July 2007	13.00	10.50
August 2007	12.60	9.37
September 2007	12.45	9.58
October 2007	11.00	8.25
November 2007	12.00	9.00
December 2007	15.64	10.50
January 2008	17.30	10.97
February 2008	11.37	10.00
March 2008	11.47	8.15

Source : BSE website

Note : There is no trading in Madras Stock Exchange.

10. SHARE TRANSFER SYSTEM : The transfers are normally processed within 30 Days from the date of receipt, if the documents are complete in all respects. The committee consisting of Two Directors & Company Secretary are empowered to approve the share transfer.
- There are no pending share transfer as on 16th June, 2008.
- The physical share transfer work has been entrusted with M/s. Integrated Enterprises (India) Ltd., who are the Depository Registrar.
- The transfer of shares in Electronic form are processed and approved by NSDL / CDSL through their Depository Participants.
11. DEPOSITORY REGISTRAR : M/s. Integrated Enterprises (India) Ltd.,
2nd Floor, Kences Tower,
No. 1, Ramakrishna Street,
North Usman Road, T. Nagar,
Chennai - 600 017.
Phone No. : 044 - 28140801.
12. NAME OF THE DEPOSITORY : National Securities Depository Ltd.
Central Depository Services (India) Ltd.
13. ISIN No. : I N E 9 1 4 G 0 1 0 1 1
14. DEMATERILISATION OF SHARES AS ON 31.03.08 : A Total Number of 16,26,310 Shares, the face value of which is Rs. 1,62,63,100/- have been dematerialised. This forms 40.66 % of the total paidup share capital.
15. INVESTOR CORRESPONDENCE FOR TRANSFER, PAYMENT OF DIVIDEND ON SHARES OR ANY OTHER QUERY RELATING TO THE SHARES OF THE COMPANY : REGISTERED OFFICE :
No. 351, P.A.C.R. Salai,
Rajapalayam - 626 117.
Phone No. : 04563 - 221554.
16. NAME AND ADDRESS OF THE COMPLIANCE OFFICER : Shri P.S. Ramanathan, B.Com., B.L., A.C.S.,
Company Secretary,
No. 351, P.A.C.R. Salai, Rajapalayam - 626 117.
Phone No. : 04563 - 221554.
17. A separate email ID has been created to facilitate the shareholders to redress their grievances.
The email ID is : polyspinexportscs@gmail.com
18. PLANT LOCATION : No. 1, Railway Feeder Road,
Cholapuram South, Rajapalayam. Tamilnadu.

19. RANGEWISE HOLDINGS:

RANGE	2007 - 2008 No. of Shareholders	2007 - 2008 (%)	2006 - 2007 (%)
1 - 500	4,527	35.80	24.93
501 - 1000	466	12.45	13.67
1001 - 2000	144	8.05	8.77
2001 - 3000	98	7.76	9.08
3001 - 4000	17	1.48	2.44
4001 - 5000	11	3.15	2.55
5001 - 10000	14	6.85	4.85
10001 - and above	12	24.40	33.71
	5,289	100.00	100.00

20. CODE OF CONDUCT

The Board has laid down the Code of Conduct for the Directors of the Company and Senior Management of the Company.

Declaration from the Managing Director and Chief Executive Officer

(Under clause 49 of the Listing Agreement)

To

The Members

As provided under clause 49 of the Listing Agreement with Stock Exchange, the Board Member and the senior management personal have affirmed Compliance with the company's code of conduct for the year ending 31st March 2008.

For POLYSPIN EXPORTS LTD.,

Place : Rajapalayam.

Date : 16.06.2008

A. RAMMOHAN RAJA

Managing Director.

CEO/CFO Certification

To
The Board of Directors,
Polyspin Exports Limited,
Rajapalayam.

Certification under Clause 49(v) of the Listing Agreement.

We hereby certify to the Board that :

- a) We have reviewed the financial statements and the Cash flow statements for the year ended 31.03.2008 and to the best of our knowledge and belief ;
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable law and regulations.
- b) There are, to the best of our 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) We accept responsibility for establishing and maintaining internal controls and we have evaluated the effectiveness of the Internal control systems of the Company and have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies if any.
- d) We have indicated to the auditors and the Audit Committee.
 - (i) Significant changes in internal control during the year.
 - (ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (iii) Instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.

R. RAMJI
Joint Managing Director

A. RAMMOHAN RAJA
Managing Director

Place : Rajapalayam
Date : 16th June, 2008

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of

Polyspin Exports Limited,

We have examined the compliance of conditions of Corporate Governance by Polyspin Exports Limited, for the year ended on 31st March, 2008 as stipulated in Clause 49 of the Listing Agreement of the 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 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 certify that the Company has complied in all material respects with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement, which was required to be complied with upto 31st March, 2008.

We further state that such 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 **M/s. KRISHNAN AND RAMAN**
CHARTERED ACCOUNTANTS

Place : Rajapalayam

Date : 16.06.2008

K.V. RAMAN
PARTNER.

AUDITOR'S REPORT

To the Shareholders,

We have audited the attached Balance Sheet of Polyspin Exports Limited, Rajapalayam as on 31st March 2008 and the Profit & Loss Account for the year ended on that date annexed thereto and Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on 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.
2. As required by the Companies (Auditor's Report) order issued by the Central Government of India in terms of Sub-Section 4(A) of Section 227 of the Companies Act, 1956. We enclose in the annexure hereto a statement on the matters specified in paragraphs 4 and 5 of the said order.
3. Further to our comments in the Annexure referred to in paragraph 2 and above, we report that:
 - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b. 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.
 - c. The Balance Sheet, Profit and Loss Account and Cash Flow statement dealt with by this report are in agreement with the books of account.
 - d. In our opinion the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with mandatory Accounting Standards referred in Sub Section (3c) of Section 211 of the Companies Act, 1956.
 - e. In our opinion and based on information and explanation given to us, none of the directors are disqualified as on 31st March 2008 from being appointed as directors in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - f. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with Significant policies and other notes thereon given the information required by the Companies Act 1956, in the manner so required, and present a true and fair view, in conformity with the accounting principles generally accepted in India.
 - i. In so far as it relates to Balance Sheet, of the State of Affairs for the Company as at 31st March 2008.
 - ii. In so far as it relates to the Profit and Loss Account of the Profit of the Company for the year ended on that date; and
 - iii. In so far as it relates to the Cash Flow Statement, of the Cash flows of the Company for the year ended on that date.

For **M/s. KRISHNAN AND RAMAN**
CHARTERED ACCOUNTANTS

Place : Rajapalayam
Date : 16.06.2008

K.V. RAMAN
PARTNER.

ANNEXURE TO AUDITOR'S REPORT

(Referred to in Paragraph 2 of our report of even date)

1. In respect of its fixed assets :
 - a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
 - b. As explained to us, the fixed assets of the company have been physically verified by the management during the year in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
 - c. In our opinion the Company has not disposed of substantial part of its fixed assets during the year and going concern status of the company is not affected.
2. In respect of its inventories :
 - a. As explained to us, inventories have been physically verified by the management at regular intervals during the year.
 - b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
 - c. The Company has maintained proper records of inventories. As explained to us, there were no material discrepancies notified on physical verification of inventory as compared to the book records.
3. In respect of loans secured or unsecured granted or taken by the Company to / from Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956;
 - a. The Company has not granted any loans to Companies, firms or other parties during the year and no loans have been taken from any party during the year.
 - b. In our opinion and according to information and explanations given to us, the rate of interest, wherever applicable and other terms and conditions are not prima facie prejudicial to the interest of the Company.
 - c. Since the company has not taken any loans there is no question of overdue amount.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedure commensurate with the size of the company and the nature of its business of the purchase of inventory, fixed assets and also for the sale of goods. During the course of our audit, We have not observed any major weaknesses in internal controls.
5. In respect of transactions covered under section 301 of the Companies Act 1956;
 - a. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements, that needed 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 prices paid for the purchase of goods and materials and sale of goods, materials and services, made in pursuance of contracts or arrangements entered in the register(s) maintained under section 301 of the Companies Act, 1956, as aggregating during the period to Rs. 5,00,000/- (Rupees Five Lacs) or more in respect of each party are reasonable having regard to the prevailing market prices for such goods, materials or services or the prices at which transactions for similar goods or services have been made with other parties.
6. The Company has accepted deposits from public and in our opinion and according to the explanations given to us the provisions of Section 58A and 58AA of the Companies Act, 1956 read with Companies (Acceptance of Deposits) Rules, 1975, wherever applicable have been complied with.
7. In our opinion the Internal Audit system of the Company is Commensurate with its size and nature of its business.
8. According to the information and explanations given to us, cost records under section 209(1)(d) of the Companies Act, 1956 are not required to be maintained.
9. In respect of Statutory dues :
- a. According to records of the Company undisputed statutory dues including Provident Fund, Investor Education Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Customs duty, Excise duty, Cess and other statutory dues have been regularly deposited with appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as on 31st March 2008 for a period of more than six months from the date of becoming payable.
- b. The disputed statutory dues aggregating to Rs. 30.99 Lakhs that have not been deposited on account of matters pending before appropriate authorities are as under :

	Name of the Statute	Nature of the Dues	Forum where the dispute is pending	Financial Year	Amount (Rs. in Lakhs)
1)	Finance Act, 1994 (Service Tax provisions)	Service Tax	Madurai Bench of Madras High Court	09.07.04 to 15.06.05	12.67
2)	Finance Act, 1994 (Service Tax provisions)	Service Tax	The Commissioner (Appeals), Central Excise, Madurai.	June, 05 to Sept. 06	18.32

10. The Company has no accumulated Losses and has not incurred any cash losses during the financial year covered by our audit or in the immediately preceding financial year.
11. Based on our audit procedures and according to the information and explanations given to us, We are of the opinion that the company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.
12. In our opinion and according to the information and explanations given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.

13. In our opinion, the Company is not a Chit Fund or a nidhi/mutual benefit fund/society. Therefore clause 4(xiii) of the Companies (Auditor's Report) order 2003 is not applicable to the Company.
14. The Company has maintained proper records or transactions and contracts in respect of trading in securities, debentures and other investments and timely entries have been made therein. All Shares, Debentures and other investments have been held by the Company in its own name.
15. The Company has not given any guarantees for loans taken by others from banks or financial institutions.
16. The Company has not raised new term loans during the year. The Term loans outstanding at the beginning of the year as also those availed during the year were applied for the purposes for which they were raised.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short term basis have been used for long term investment.
18. During the year 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.
19. The Company has not issued any Debentures and hence creation of securities in respect of the same does not arise.
20. The Company has not raised any money by way of Public Issue during the year.
21. In our opinion and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year, that Causes the financial statements to be materially misstated.

For **M/s. KRISHNAN AND RAMAN**
CHARTERED ACCOUNTANTS

Place : Rajapalayam
Date : 16.06.2008

K.V. RAMAN
PARTNER.

BALANCE SHEET as at March 31, 2008

	Schedule No.	As at 31.03.2008 Rs.	As at 31.03.2007 Rs.
SOURCE OF FUNDS			
1. Shareholders funds :			
Share Capital	1	4,00,00,000	4,00,00,000
Reserves and Surplus	2	<u>2,25,75,600</u>	<u>2,12,02,734</u>
		6,25,75,600	6,12,02,734
2. Loan funds :			
Secured Loans	3	7,42,91,535	8,30,72,914
Unsecured Loans	4	<u>1,80,77,000</u>	<u>2,01,89,000</u>
		9,23,68,535	10,32,61,914
3. Deferred Tax Liability	13	<u>16,55,000</u>	<u>20,05,000</u>
Total		<u>15,65,99,135</u>	<u>16,64,69,648</u>
APPLICATION OF FUNDS			
1. Fixed assets :			
Gross block		10,64,95,332	10,08,89,040
Less : Depreciation	6	<u>4,24,26,356</u>	<u>3,58,72,362</u>
Net block		6,40,68,976	6,50,16,678
2. Investments	5	59,65,510	59,65,510
3. Current assets, loans and advances :			
(a) Inventories	7	6,02,48,932	4,48,80,199
(b) Cash & Bank Balances	8	97,79,912	1,21,13,537
(c) Loans and advances	9	1,59,98,957	2,11,94,481
(d) Sundry Debtors	10	<u>3,82,32,692</u>	<u>4,29,99,464</u>
		12,42,60,493	12,11,87,681
Less : CURRENT LIABILITIES AND PROVISIONS			
Liabilities	11	2,78,29,984	2,18,65,221
Provisions	12	<u>98,65,860</u>	<u>38,35,000</u>
Net current assets		8,65,64,649	9,54,87,460
Total		<u>15,65,99,135</u>	<u>16,64,69,648</u>
Notes on accounts	23		

As per our report of even date

M/s. KRISHNAN AND RAMAN
Chartered Accountants

A. RAMMOHAN RAJA
Managing Director

S.R. SUBRAMANIAN
P.K. RAMASUBRAMANIAN
A. THIRUPATHY RAJA
S. SHANKAR
S.V. RAVI
Directors

K.V. RAMAN
Partner
Rajapalayam,
16th June, 2008.

R. RAMJI
Joint Managing Director

P.S. RAMANATHAN
Secretary

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2008

	Schedule No.	For the year ended 31.03.2008 Rs.	For the year ended 31.03.2007 Rs.
INCOME			
Sales	14	35,63,92,731	34,78,72,488
Other Income	15	10,65,126	8,87,544
		<u>35,74,57,857</u>	<u>34,87,60,032</u>
EXPENDITURE			
Raw Material consumed	16	23,02,56,546	21,69,89,233
Stores & Spares consumed		99,43,095	98,35,563
Power & Fuel		1,36,96,308	1,22,42,876
Remuneration to Managing Director	17	8,14,190	8,07,000
Salaries & Wages	18	2,43,84,354	1,87,01,245
Other Manufacturing Expenses	19	1,48,83,411	1,97,64,174
Ocean Freight & Lorry Freight		1,96,06,188	1,44,68,054
Interest & Finance charges	20	1,07,75,772	1,01,98,340
Administrative, Selling & Other overheads	21	2,14,18,383	2,41,55,890
Depreciation		65,58,141	57,92,850
(Increase) / Decrease in Stock	22	(19,32,256)	99,31,409
		<u>35,04,04,132</u>	<u>34,28,86,634</u>
Profit available for appropriation		70,53,725	58,73,398
Balance brought forward		1,02,735	1,83,861
Excess Provision for Taxation - on earlier years withdrawn		-----	1,45,475
Provision for Taxation - Deferred		3,50,000	85,000
		<u>75,06,460</u>	<u>62,87,734</u>
Provision for Taxation - Current		27,00,000	21,00,000
Provision for Taxation - FBT		55,000	85,000
Proposed Dividend @ 7%		28,00,000	-----
Tax on Proposed Dividend		4,75,860	-----
Transfer to General Reserve		10,00,000	40,00,000
Surplus carried to Balance Sheet		4,75,600	1,02,734
		<u>75,06,460</u>	<u>62,87,734</u>
Earnings per share (Basic)			
Face value of Rs. 10 each	23(5)	1.16	0.94

As per our report of even date
M/s. KRISHNAN AND RAMAN
Chartered Accountants

A. RAMMOHAN RAJA
Managing Director

S.R. SUBRAMANIAN
P.K. RAMASUBRAMANIAN
A. THIRUPATHY RAJA
S. SHANKAR
S.V. RAVI
Directors

K.V. RAMAN
Partner
Rajapalayam,
16th June, 2008.

R. RAMJI
Joint Managing Director

P.S. RAMANATHAN
Secretary

SCHEDULES FORMING PART OF ACCOUNTS

	As at 31.03.2008 Rs.	As at 31.03.2007 Rs.
1. SHARE CAPITAL		
Authorised :		
50,00,000 Equity shares of Rs. 10/- each	<u>5,00,00,000</u>	<u>5,00,00,000</u>
Issued, Subscribed & Paid up		
40,00,000 Equity shares of Rs. 10/- each	<u>4,00,00,000</u>	<u>4,00,00,000</u>
2. RESERVES AND SURPLUS :-		
General Reserve as per last balance sheet	2,11,00,000	1,71,00,000
Add : Transfer from Profit & Loss A/c	<u>10,00,000</u>	<u>40,00,000</u>
	2,21,00,000	2,11,00,000
Surplus in Profit & Loss Account	<u>4,75,600</u>	<u>1,02,734</u>
	<u>2,25,75,600</u>	<u>2,12,02,734</u>
3. SECURED LOANS :		
<i>(Refer Schedule 23 Para 3)</i>		
i) From City Union Bank		
a) Term Loan	1,04,32,327	1,51,51,820
b) Export Packing Credit	2,99,35,719	2,99,38,847
c) Foreign Bills Discounted	2,24,40,832	2,52,58,127
d) Cash Credit on Raw Material and Book Debts	1,00,44,187	1,18,30,340
ii) Others		
Hire Purchase Loan	14,38,470	8,93,780
TOTAL	<u>7,42,91,535</u>	<u>8,30,72,914</u>
4. UNSECURED LOANS		
Fixed Deposits	1,78,52,000	1,94,89,000
Inter Corporate Deposits	<u>2,25,000</u>	<u>7,00,000</u>
	<u>1,80,77,000</u>	<u>2,01,89,000</u>
5. INVESTMENTS (UNQUOTED) :		
Kisan Vikas Patra	20,000	20,000
13,01,119 Equity shares of Sri Lankan Rs. 10/- each in M/s. Lankaspin (P) Ltd. Sri Lanka.	59,45,510	59,45,510
Aggregate amount of unquoted Investments at cost	<u>59,65,510</u>	<u>59,65,510</u>

POLYSPIN EXPORTS LIMITED

6. SCHEDULE OF FIXED ASSETS AS AT 31st MARCH 2008.

Description	Gross Block			Depreciation				Net Block		
	Cost as at 01.04.2007	Addition	Deduction	Cost as at 31.03.2008	Up to 01.04.2007	For the Year	Withdrawal	Upto 31.03.2008	As at 31.03.2008	As at 01.04.2007
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Land	33,29,548	----	----	33,29,548	----	----	----	----	33,29,548	33,29,548
Building	1,61,71,503	1,70,794	----	1,63,42,297	63,28,257	5,42,060	----	68,70,317	94,71,980	98,43,245
Plant & Machinery	7,80,15,752	40,59,774	----	8,20,75,526	2,80,60,008	56,88,586	----	3,37,48,594	4,83,26,932	4,99,55,744
Furnitures & Fittings	2,32,716	4,100	----	2,36,816	1,38,924	14,904	----	1,53,828	82,988	93,792
Vehicles	28,18,844	13,53,419	----	41,72,263	12,08,853	2,97,886	----	15,06,739	26,65,524	16,09,991
Office Equipment	3,08,242	88,400	70,195	3,26,447	1,24,630	14,114	4,147	1,34,597	1,91,850	1,83,612
Library	12,435	----	----	12,435	11,690	591	----	12,281	154	745
TOTAL	10,08,89,040	56,76,487	70,195	10,64,95,332	3,58,72,362	65,58,141	4,147	4,24,26,356	6,40,68,976	6,50,16,677

SCHEDULES FORMING PART OF ACCOUNTS (CONTINUED)

	As at 31.03.2008 Rs.	As at 31.03.2007 Rs.
7. INVENTORIES : (Certified by a Director)		
Stores & Spares at cost	36,86,791	36,30,891
Raw materials at cost	2,68,43,445	1,34,62,868
Work in Process	2,69,30,897	1,99,64,041
Finished goods	26,43,521	75,99,883
Process waste	1,44,278	2,22,516
	<u>6,02,48,932</u>	<u>4,48,80,199</u>
8. CASH AND BANK BALANCES :		
Cash on hand	6,11,668	3,34,972
Bank balances		
-with scheduled banks in Current Account	26,81,439	45,62,756
-with scheduled bank in Term Deposit Account	64,86,805	72,15,809
	<u>97,79,912</u>	<u>1,21,13,537</u>
9. LOANS AND ADVANCES :		
(Unsecured - considered Good)		
Advances recoverable in cash or in kind or for value to be received	40,50,631	1,18,83,199
Income Tax Paid / Tax deducted at source	46,27,059	25,24,908
Claims Receivable	43,85,736	36,01,894
Prepaid Expenses	96,916	4,44,287
Deposits with Govt. departments	23,73,548	18,38,404
Interest Accrued on Deposits	2,87,221	7,67,198
Fringe Benefit Tax	1,77,846	1,34,591
	<u>1,59,98,957</u>	<u>2,11,94,481</u>
10. SUNDRY DEBTORS :		
Unsecured - Outstanding over six months Considered Good	63,951	17,59,343
Others - considered good (Due from Directors - NIL)	3,81,68,741	4,12,40,121
	<u>3,82,32,692</u>	<u>4,29,99,464</u>
11. CURRENT LIABILITIES :		
For Purchases		
- Total outstanding dues to SSI undertakings	5,40,267	8,62,289
- Others	2,11,22,249	1,57,54,838
For Expenses	29,36,121	25,07,575
For Other Finance	23,47,959	18,48,955
Unclaimed Dividend	8,83,387	8,91,564
Investors Education and Protection Fund to be credited with :		
a) Unclaimed Dividend	-----	-----
b) Unclaimed Matured Deposits	-----	-----
c) Interest accrued on (a) & (b) above	-----	-----
	<u>2,78,29,984</u>	<u>2,18,65,221</u>

SCHEDULES FORMING PART OF ACCOUNTS (CONTINUED)

	As at 31.03.2008 Rs.	As at 31.03.2007 Rs.
12. PROVISIONS :		
Provision for Taxation	64,00,000	37,00,000
Proposed Dividend	28,00,000	-----
Tax on Proposed Dividend	4,75,860	-----
Provision for Fringe Benefit Tax	1,90,000	1,35,000
	<u>98,65,860</u>	<u>38,35,000</u>
13. DEFERRED TAX LIABILITY	20,05,000	20,90,000
Less : Transferred to Profit & Loss Account	3,50,000	85,000
	<u>16,55,000</u>	<u>20,05,000</u>
14. SALES / INCOME FROM OPERATION :		
Export Sales	34,12,91,413	32,83,66,171
Domestic Sales	1,19,03,598	1,51,26,410
Sale of Waste	31,97,720	43,79,907
	<u>35,63,92,731</u>	<u>34,78,72,488</u>
15. OTHER INCOME :		
Interest Receipts	7,15,700	4,66,396
Sale of Scrap	3,100	8,400
Profit on Sale of High Sea Sales	3,41,788	4,12,748
Miscellaneous Income	4,538	-----
	<u>10,65,126</u>	<u>8,87,544</u>
16. RAW MATERIAL CONSUMED :		
Polypropylene Granules and Master Batch	21,81,92,339	20,62,22,668
Kraft Paper	18,60,536	-----
Printing Materials	12,93,165	12,19,626
Yarn	89,10,506	80,07,709
BOPP PP Film	-----	10,47,248
Monofilament Fabric	-----	4,91,982
	<u>23,02,56,546</u>	<u>21,69,89,233</u>
17. REMUNERATION TO MANAGING DIRECTOR		
Remuneration	7,20,000	7,20,000
Perquisites	94,190	87,000
	<u>8,14,190</u>	<u>8,07,000</u>
18. SALARIES & WAGES :		
Salaries & Wages	1,72,30,817	1,32,33,514
P.F. & E.S.I. Contribution	29,76,101	24,98,817
Labour Welfare expenses	9,21,444	9,24,189
LIC Group Gratuity	5,62,474	4,41,225
Bonus	12,88,079	12,16,469
Apprentice Stipend	14,05,439	3,87,031
	<u>2,43,84,354</u>	<u>1,87,01,245</u>

SCHEDULES FORMING PART OF ACCOUNTS (CONTINUED)

	For the year ended 31.03.2008 Rs.	For the year ended 31.03.2007 Rs.
19. OTHER MANUFACTURING EXPENSES :		
Repairs & Maintenance		
- Building	3,18,013	1,19,556
- Machinery	5,67,169	5,08,202
- General	1,83,910	1,13,670
Processing Charges Paid	1,38,68,765	1,96,00,356
Less : Receipts	54,446	5,77,610
	<u>1,38,14,319</u>	<u>1,90,22,746</u>
	<u>1,48,83,411</u>	<u>1,97,64,174</u>
20. INTEREST & FINANCE CHARGES :		
Interest on		
- Fixed Loans	35,84,587	40,72,146
- Others	70,71,988	60,69,021
H.P. Finance Charges	1,19,197	57,173
	<u>1,07,75,772</u>	<u>1,01,98,340</u>
21. ADMINISTRATIVE, SELLING & OTHER OVERHEADS :		
Postage & Telephones	6,04,897	6,34,166
Printing & Stationery	3,32,575	2,97,546
Travelling expenses	10,52,266	5,92,912
Bank charges	28,55,232	29,78,183
Professional charges	89,872	57,906
Licence, Taxes & Fees	3,25,775	1,72,986
Insurance charges	19,08,355	22,90,663
Subscription & Periodicals	32,150	57,427
Filing Fees	6,100	4,000
Audit Fees	32,630	30,766
Vehicle Maintenance	4,46,278	5,66,178
Miscellaneous expenses	98,596	1,07,233
Commission paid	1,06,83,479	1,57,92,810
Rent	1,32,000	80,000
Loss on Sale of Assets	34,937	6,899
Foreign Exchange Fluctuation	15,430	22,944
Testing Charges	3,79,741	2,91,187
Service Tax on GTA	2,65,021	1,72,084
Service Tax on BAS	6,66,123	-----
Bad Debts Written Off	12,43,079	-----
Rebate	2,13,847	-----
	<u>2,14,18,383</u>	<u>2,41,55,890</u>
22. (INCREASE) / DECREASE IN STOCK :		
Opening Stock	2,77,86,440	3,77,17,849
Closing Stock	2,97,18,696	2,77,86,440
	<u>(19,32,256)</u>	<u>99,31,409</u>

23. NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2008.**1. ACCOUNTING POLICIES :**

The Accounts are prepared under the historical cost concept and they materially comply with mandatory accounting standards issued by the Institute of Chartered Accountants of India.

i) SALES :

Export sales is stated at C & F or FOB basis.

ii) Fixed assets are stated at cost less depreciation. Cost comprises of purchase price (net of rebates and discounts), import duties, levies and any directly attributable cost of bringing the assets on its working condition for the intended use.**iii) DEPRECIATION :**

Depreciation is provided on a prorata basis from the date the assets have been installed and put to use on a Straight Line method at rates and in the manner specified under Schedule XIV of the Companies Act, 1956.

iv) CURRENT ASSETS :

Inventories are certified by a Director and are valued as under :

- 1) Raw materials & stores : At cost
- 2) Semi finished goods : At cost
- 3) Finished goods : Lower of cost or market price

v) All accounts receivable are unsecured and are considered good other than that have been classified as Doubtful and are subject to confirmation.**vi) RECOGNITION OF INCOME & EXPENDITURE :**

- 1) Income & Expenditure are recognised on accrual basis.
- 2) Bonus : Payment of Bonus is accounted on cash basis, as the Bonus is payable only during Deepavali Festival.

vii) FOREIGN CURRENCY TRANSACTION :

- 1) Export sales are accounted at exchange rates prevailing on the date of negotiation of bills by the bankers.
- 2) Purchase of imported raw materials and components are accounted at amounts paid to discharge the related liabilities.
- 3) Foreign currency loans for acquisition of fixed assets are converted at the rate prevailing on the date of Balance Sheet. The gain or loss arising out of currency translation is adjusted in the cost of fixed assets.
- 4) Current Assets and Current Liabilities are translated at the rate prevailing on the date of Balance Sheet. The gain or loss if any, arising therefrom are recognised in the Profit and Loss Account.

viii) RETIREMENT BENEFITS :

- 1) The liability in respect of Gratuity is paid to LIC Group Gratuity Cash Accumulation Scheme and the contributions demanded from the LIC are accounted to expenditure.
- 2) The Leave encashment entitlement is computed on Calendar year basis and payment made to the Employees accordingly in the succeeding January of every year. Hence, there is no outstanding liability towards Leave encashment as per Accounting Standard 15.

- 3) The Company deposits the Provident fund contribution under the Employees Provident Fund Scheme run by the Government.
- ix) Contingent liabilities are generally not provided for in the accounts and are shown separately in notes on accounts.
2. The Company has fulfilled export obligations, net foreign exchange earnings and other conditions, as applicable till date, in terms of schemes of Government of India, for 100% EOU.
3. SECURED LOANS :
- i) Rupee Term Loan and working Capital finance from Bank is secured by a First charge, by way of equitable mortgage, of specified land and hypothecation of specified assets under this loan.
 - ii) Working Capital Finance from Bank is further secured by hypothecation of all Current Assets of the Company.
 - iii) The Loans are additionally secured by Personal Guarantee of two Directors of the Company.
 - iv) Hire Purchase Loan is secured by hypothecation of Specified Vehicle purchased under the scheme.
4. The Company's Business activity falls within a single primary business segment, viz, manufacture of PP Woven FIBC Bags. As such, there are no separate reportable segments as per Accounting Standard 17.

5. EARNINGS PER SHARE :

	Year Ended 31-03-2008	Year Ended 31-03-2007
a) Net Profit after Tax (Rs. in Lacs)	46.49	37.73
b) Number of Equity Shares	40,00,000	40,00,000
c) Basic and diluted Earnings per share (Face Value Rs. 10/- per Equity Share)	1.16	0.94

6. REPORTING ON RELATED PARTIES :

In accordance with the Accounting Standard 18 issued by the Institute of Chartered Accountants of India, the Company has identified the following companies as Related parties :

A) Associate Companies :

- | | |
|----------------------------------|------------------------|
| 1. Polyspin Limited (100% EOU) | 5. Energyspin (P) Ltd. |
| 2. Lankaspin (P) Ltd., Srilanka. | 6. Ramona Filaments |
| 3. Chola Packaging Ltd. | 7. Ramona Industries |
| 4. Ganesh Agro Pack (P) Ltd. | |

B) Key Management Personnel and Relatives :

- i. Sri A. RAMMOHAN RAJA - Managing Director
- ii. Sri R. RAMJI - Joint Managing Director

C) Transaction during the year with Related Parties :

Sl. No.	Particulars	(Rs. in Lakhs)			
		Year Ended 31-03-2008		Year Ended 31-03-2007	
		Associate Companies	Key Management Personnel	Associate Companies	Key Management Personnel
1.	Sale of Raw Materials (on High Sea Sales)	92.14	----	51.07	----
2.	Processing Charges paid	102.99	----	130.09	----
3.	Processing Charges Receipts	0.54	----	5.78	----
4.	Assets Purchased during the year	1.13	----	----	----
5.	Remuneration to Directors	----	8.14	----	8.07
6.	Rent	0.24	----	0.24	----
7.	Inter Corporate Deposits received	----	----	1.00	----
8.	Inter Corporate Deposits Repaid	4.75	----	----	----
9.	Yarn & Fabric Sales	79.96	----	86.26	----

7. QUANTITATIVE INFORMATION :

		Year Ended 31-03-2008		Year Ended 31-03-2007	
A.	Licensed capacity PP Woven FIBC Bags	Licensing requirement is not applicable to the Company			
B.	Installed capacity PP Woven FIBC Bags	2400 Tons per annum		2400 Tons per annum	
C.	Production, Sales & Stock of PP Woven FIBC Bags :-				
1.	Opening Stock	Kgs.	77,384		92,799
		Rs.	75,99,883		87,10,144
2.	Production	Kgs.	30,88,021		30,51,443
3.	Sales	Kgs.	31,44,498		30,66,853
		Rs.	34,51,98,910		33,35,13,419
4.	Closing Stock	Kgs.	28,398		77,384
		Rs.	25,90,143		75,99,883
5.	Production and Sale of Fabric	Kgs.	1,015		16,921
		Rs.	75,693		13,53,158
6.	Production and Sale of Yarn	Kgs.	122,344		1,37,500
		Rs.	79,20,408		86,26,004
7.	Raw Materials Consumed (Granules)	Kgs.	33,60,244		35,07,204
		Rs.	20,37,32,243		20,62,22,668

D.	Value of Imports on CIF Basis - Raw materials & Consumable stores (Rs. in Lacs)	1090.16	1373.14
E.	Value of raw materials, stores & Spares consumed	For the year ended	
		31-03-2008	31-03-2007
		% Rs. in Lacs	% Rs. in Lacs
i)	Raw material		
	Imported	45.84	63.28
	Indigenous	1054.49	1373.14
		54.16	796.75
ii)	Stores-Indigenous	100.00	100.00
		99.43	98.35
F.	Expenditure in Foreign currency		
i)	For import of raw materials	Rs. 10,90,16,580	13,56,96,783
ii)	Foreign travel expenses	Rs. 2,00,920	1,01,825
iii)	For Commission	Rs. 1,06,83,479	1,57,85,310
iv)	For Testing charges	Rs. -----	1,13,540
v)	Association membership fees	Rs. -----	30,206
vi)	Conference Fees	Rs. 54,527	-----
G.	Earnings in foreign exchange on direct export of PP Woven FIBC bags calculated on FOB Value	Rs. 32,55,53,302	31,82,16,346
8.	Auditor's Remuneration :	Rs.	Rs.
	Audit Fees	15,000	16,854
	Tax Audit Fees / Appeal Fees	5,000	10,000
	Certification Fees	5,130	3,912
	Travelling Expenses reimbursed	7,500	-----
9.	Sales tax assessment for the year ended 31.03.2005 has been completed. Income tax assessment for the Assessment year 2005-2006 has been completed.		
10.	Managing Director's Remuneration :	For the year ended	
		31.03.2008	31.03.2007
	Salary	7,20,000	7,20,000
	Perquisites	94,190	87,000
11.	<u>Dues to Small Scale Industrial Undertakings :</u>		
	Name of Small Scale Industrial Undertakings to whom the Company owes any sum outstanding for more than thirty days are as under :		
	1) Ramona Filaments; 2) Ramona Industries. 3) Ganesh Agro Pack (P) Ltd.		
12.	The Company has generated power out of Wind Mill installed at Pazhavor Taluk, Kanyakumari District, and the generated power was captively consumed by the Company by drawing the power from TNEB Grid. The Power and Fuel consumed is net of Rs. 11.73 Lacs being the credit given by TNEB for the transfer of power to the Grid.		

	For the year ended	
	31.03.2008	31.03.2007
Licensed Capacity	Not Applicable	Not Applicable
Installed Capacity	250 KW	250 KW
Units Generated	3,35,252 KWH	2,61,880 KWH
Units Captively Consumed	3,35,252 KWH	2,61,880 KWH
	(included under Power & Fuel)	

13. The Company's shares are listed in Madras Stock Exchange and are permitted to be traded in Bombay Stock Exchange (Indonext Platform). The Listing fee for the financial year 2008-09 has been paid.
14. Debts from Various Overseas Buyers amounting Rs. 12,43,079/- (net) remain outstanding beyond due dates. This is purely being discounts to customers allowed for quality deficiencies and in respect of one overseas buyer who is not traceable over a reasonably long period of time in respect of our export supplies.
- As such the said amounts are not recoverable and have become bad. Hence the same have been written off as Bad Debts.
15. Deferred Tax (AS 22) :
Deferred Tax Asset for Rs. 3,50,000 has been withdrawn from Deferred Tax Liability in accordance with Accounting for deferred tax in pursuance of AS 22 issued by the Institute of Chartered Accountants in India.
16. Contingent Liabilities not Provided For :
- i) Unexpired Letter of Credit - **Rs. 96.43 Lacs** (Rs. 36.27 Lacs)
 - ii) Bank Guarantee - **Rs. 10.00 Lacs** (Rs. 10.00 Lacs)
 - iii) The Company has challenged the constitutional validity of the levy of Service Tax of Rs. 12,66,633/- on Commission paid to Non-residents (Business Auxiliary Services) and Technical Testing and Analysis services provided by Overseas Agencies located outside India, for the period from 09.07.2004 to 15.06.2005 and the same is pending before the Madurai bench of Madras High Court. Hence no provision has been made for the same.
 - iv) The Assistant Commissioner, Central Excise, Rajapalayam, has issued five show Cause Notices to the Company, demanding the payment of Rs. 18,31,695/- by annulling the refund granted earlier, towards unutilized credit of Service Tax paid on Business Auxiliary services, for the period from June 05 to September, 06. Subsequently, the Asst. Commissioner, Central Excise, issued an Order-in original and confirming all the five SCNs demanding Rs. 18,31,695/- alongwith appropriate interest u/s 11A & 11AB of Central Excise Act, 1944. The matter is pending before the Commissioner, (Appeals) Central Excise, Madurai.
17. Figures relating to previous year have been regrouped wherever found necessary.

Signature of Schedules 1 to 23

M/s. KRISHNAN AND RAMAN
Chartered Accountants

A. RAMMOHAN RAJA
Managing Director

S.R. SUBRAMANIAN
P.K. RAMASUBRAMANIAN
A. THIRUPATHY RAJA
S. SHANKAR
S.V. RAVI
Directors

K.V. RAMAN
Partner
Rajapalayam,
16th June, 2008.

R. RAMJI
Joint Managing Director

P.S. RAMANATHAN
Secretary

AUDIT CERTIFICATE ON THE CASH FLOW STATEMENT

To

The Board of Directors,
Polyspin Exports Limited,
1, Railway Feeder Road,
Cholapuram South - 626 139.

We have examined the attached Cash Flow Statement of Polyspin Exports Limited for the year ended 31st March, 2008. The statement has been prepared by the Company in accordance with the requirements of listing agreement Clause 32 with Madras Stock Exchange and is based on and in agreement with the corresponding profit and loss account and balance sheet of the company covered by our report of 16th June, 2008 to the members of the Company.

For **M/s. KRISHNAN AND RAMAN**
CHARTERED ACCOUNTANTS

Place : Rajapalayam
Date : 16.06.2008

K.V. RAMAN
PARTNER.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2008

2007-2008 2006-2007

(Rupees in Lakhs)

CASH FLOW FROM OPERATING ACTIVITIES

Net Profit before Tax and		
Extraordinary items	70.54	58.73
Depreciation	65.58	57.93
Interest & Finance Charges	107.76	101.98
Loss on sale of Assets	0.35	0.07
Income Tax Paid	(19.98)	(19.96)
Operating Profit before working	224.25	198.75
Capital Changes		

ADJUSTMENTS FOR

(Increase) / Decrease in inventories	(153.69)	80.35
(Increase) / Decrease in Loans & Advances	71.93	(33.68)
Increase / (Decrease) in Current Liabilities	59.73	(4.92)
(Increase) / Decrease in Sundry Debtors	47.67	(118.89)
	<u>25.64</u>	<u>(77.14)</u>
Cash Generated from Operations	249.89	121.61
LESS : Interest paid	107.76	101.98
Net Cash from Operating Activities	(A) 142.13	(A) 19.63

NET CASH USED IN INVESTING ACTIVITIES

Investments in Fixed Assets	(56.76)	(68.37)
Proceeds from Sale of Assets	<u>0.31</u>	<u>1.49</u>
	(B) (56.45)	(B) (66.88)

NET CASH USED IN FINANCING ACTIVITIES

Proceeds from Long Term Borrowings		
(Net of Repayments)	(62.87)	(33.04)
Proceeds from Short Term Borrowings		
(Net of Repayments)	(46.07)	158.79
Payment of Dividend and Tax thereon	(0.08)	(25.24)
	<u>(C)(109.02)</u>	<u>(C) 100.51</u>
Net Decrease in Cash & Cash Equivalents	(A+B+C) (23.34)	(A+B+C) 53.26
Cash & Cash Equivalents as at 31st March 2007	121.13	67.87
Cash & Cash Equivalents as at 31st March 2008	97.79	121.13
Net Change in Cash & Cash Equivalents	(23.34)	53.26

As per our report of even date

M/s. KRISHNAN AND RAMAN
Chartered Accountants

A. RAMMOHAN RAJA
Managing Director

S.R. SUBRAMANIAN
P.K. RAMASUBRAMANIAN
A. THIRUPATHY RAJA
S. SHANKAR
S.V. RAVI
Directors

K.V. RAMAN
Partner
Rajapalayam,
16th June, 2008.

R. RAMJI
Joint Managing Director

P.S. RAMANATHAN
Secretary

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

CIN No.	: L51909TN1985PLC011683	State Code	: 18
Balance Sheet	: 31.03.2008		

II. Capital Raised during the year (Amount in Rs. Thousands)

Public Issue	: NIL	Right Issue	: NIL
Bonus Issue	: NIL	Private Issue	: NIL

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities	: 1,56,599	Total Assets	: 1,56,599
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Sources of Funds

Paid-up Capital	: 40,000	Reserves & Surplus	: 22,576
Secured Loans	: 74,291	Unsecured Loans	: 18,077
Deferred Tax Liability	: 1,655		

Application of Funds

Net Fixed Assets	: 64,069	Investments	: 5,966
Net Current Assets	: 86,564	Misc. Expenditure	: N I L
Accumulated Losses	: N I L		

IV. Performance of the Company (Amount in Rs. Thousands)

Turnover	: 3,57,458	Total Expenditure	: 3,50,404
Profit Before Tax	: 7,054	Profit After Tax	: 4,649
Earning Per Share in Rs.:	1.16	Dividend rate %	: 7

V. Generic Names of Three Principal Products / Services of Company (as per monetary terms)

Item Code No. (ITC Code)	Major Product Description
3923	PP WOVEN FIBC BAGS

As per our report of even date

M/s. KRISHNAN AND RAMAN
Chartered Accountants

A. RAMMOHAN RAJA
Managing Director

S.R. SUBRAMANIAN
P.K. RAMASUBRAMANIAN
A. THIRUPATHY RAJA
S. SHANKAR
S.V. RAVI
Directors

K.V. RAMAN
Partner
Rajapalayam,
16th June, 2008.

R. RAMJI
Joint Managing Director

P.S. RAMANATHAN
Secretary

POLYSPIN EXPORTS LIMITED

351, PACR Salai, Rajapalayam - 626 117.

PROXY FORM

Folio No.

No. of Shares held

I/We of in the District of being Member / Members of POLYSPIN EXPORTS LIMITED hereby appoint of in the district of as my / our proxy to vote for me / us on my / our behalf at the Twenty Third Annual General Meeting of the Company to be held on 11th August, 2008 and at any adjournment thereof.

Signed this day of 2008

Signature of Proxy

Affix
Re. 1
REVENUE
STAMP

Signature of member

Note : 1) The Proxy duly completed must be deposited at the Registered Office of the Company not less than 48 hours before the time of the meeting.

2) A Proxy need not be a member.



BOOK-POST

If undelivered, please return to :

POLYSPIN EXPORTS LIMITED

351, P.A.C.R. Salai,

Rajapalayam - 626 117.

Tamil Nadu.