

POLYSPIN EXPORTS LTD

(100% EXPORT ORIENTED UNIT)

RAJAPALAYAM



*Twenty Fourth Annual Report and Balance Sheet
as at 31st March 2009.*

POLYSPIN EXPORTS LIMITED

- BOARD OF DIRECTORS** : SHRI A. RAMMOHAN RAJA, *Managing Director*
SHRI K. LAKSHMINARAYANAN
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 B.Com., B.L., A.C.S.
- 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 Fourth Annual General Meeting** of the members of the company will be held at 9.30 A.M. on **Saturday, the 22nd August, 2009** 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, 2009, Profit and Loss Account for the period ended on that date and the reports of Directors and Auditors thereon.
2. To declare a Dividend.
3. To appoint a Director in place of Sri K. Lakshminarayanan who retires by rotation and being eligible offers himself for re-election.
4. To appoint a Director in place of Sri S.R. Subramanian who retires by rotation and being eligible offers himself for re-election.
5. To appoint Auditors and fix their remuneration. M/s. Krishnan & Raman, Chartered Accountants, the retiring Auditor is eligible for re-appointment.

By order of the Board,

Place : Rajapalayam

Date : 03.07.2009.

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 13.08.2009 to 22.08.2009 (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 22nd August, 2009 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 12th August, 2009.

- (e) Under the provisions of Section 205C of the Companies Act, 1956, dividends remaining unpaid for a period of over 7 years will be transferred to the Investor Education & Protection Fund of the Central Government. Thereafter no claim shall lie against the Fund or the Company and no payment will be made in respect of any such claims. Hence, the members who have not claimed their dividend relating to the earlier years may write to the Company for claiming the amount before it is so transferred to the Fund. The details of due dates for transfer of such unclaimed dividend to the said Fund are given below :

Financial year ended	Unclaimed Dividend as at 31.03.2009 Rs.	Date of Declaration of Dividend	Last Date for claiming Unpaid Dividend	Due Date for transfer to IEP Fund
31.03.2003	1,73,208/-	08.09.2003	07.09.2010	06.10.2010
31.03.2004	2,50,224/-	24.09.2004	23.09.2011	22.10.2011
31.03.2005	2,13,762/-	26.09.2005	25.09.2012	24.10.2012
31.03.2006	2,01,767/-	20.09.2006	19.09.2013	18.10.2013
31.03.2008	2,60,399/-	11.08.2008	10.08.2015	09.09.2015

- (f) 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.
- (g) Members are requested to kindly bring their copy of the Annual Report to the Annual General Meeting.

DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting the Twenty Fourth Annual Report on the working of the company and Audited Accounts for the year ended 31st March, 2009

Financial Results :

	Year ended 31.03.2009	Year ended 31.03.2008
	Rs.	Rs.
Sales and other Income =====	38,63,25,598	35,74,57,857
Operating Profit (Profit before interest, Depreciation and Tax)	2,86,82,853	2,43,87,638
LESS : Interest	83,05,374	1,07,75,772
Profit before Depreciation and Tax	2,03,77,479	1,36,11,866
LESS : Depreciation	77,37,087	65,58,141
Profit before Tax	1,26,40,392	70,53,725
Surplus Brought forward from previous year	4,75,600	1,02,735
Add : Provision for Tax-Deferred	4,58,000	3,50,000
	1,35,73,992	75,06,460
Less: Provision for Taxation-Current	50,20,000	27,00,000
Provision for Fringe Benefit Tax	72,000	55,000
Profit available for appropriation	84,81,992	47,51,460

Your directors propose to appropriate the same as follows

Proposed Dividend	32,00,000	28,00,000
Tax on Proposed Dividend	5,43,840	4,75,860
Transfer to General Reserve	40,00,000	10,00,000
Balance carried over to Balance Sheet	7,38,152	4,75,600
	84,81,992	47,51,460

DIVIDEND :

Your Directors are pleased to recommend the payment of Dividend at Rs.0.80 per share on the face value of Rs.10/- per share.

This Dividend is not taxable in the hands of the Members. However Tax on the Dividend amounting to Rs.5.44 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 <u>31.03.2008</u>	Year ended <u>31.03.2009</u>
Production (Kgs)	30,88,021	27,39,919
Sales (Kgs)	31,44,498	27,44,272

The Global recession, the fall out of the financial crisis in other countries had made an impact in our country. Fortunately due to certain strong fundamentals our country had only a economic slow down. Though the global turbulence had its adverse effects, your Board of Directors are pleased to inform that the Company had done better. This has been possible due to the adoption of certain strategies in inventory control and effective and economic marketing of the products.

Your Directors are confident of sustained performance and profitability in the ensuing year.

During the current year, your Company has incorporated a Wholly Owned Subsidiary Company named **POLYSPIN USA Inc.** in United States of America for logistic purposes.

AWARDS :

Your company has received the award for "**Best EOU (Plastic Products)**" for Outstanding export performance for the year 2006-07 instituted by the Export Promotion Council for EOUs & SEZ Units, Ministry of Commerce, Government of India, New Delhi.

DEPOSITS :

The total amount of deposits as on 31st March, 2009 was Rs.146.33 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.1070.65 Lakhs. The foreign exchange earnings during the year is Rs.3522.62 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 :

Sri. K. Lakshminarayanan and Sri. S.R. Subramanian, 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 : 03.07.2009

A.RAMMOHAN RAJA
Managing Director

R.RAMJI
Joint 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. LAKSHMINARAYANAN	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	2	1

Six Meetings of the Board of Directors of the Company was held during the year 2008-2009 on 30.04.2008, 16.06.2008, 31.07.2008, 11.08.2008, 24.10.2008 and 30.01.2009

Name of the Directors	Attendance at the Board Meeting	Attendance at Last AGM
1) Sri. A. RAMMOHAN RAJA	5	NO
2) Sri. K. LAKSHMINARAYANAN	6	NO
3) Sri. S.R. SUBRAMANIAN	6	NO
4) Sri P.K. RAMASUBRAMANIAN	3	NO
5) Sri. A. THIRUPPATHY RAJA	5	YES
6) Sri. S. SHANKAR	4	YES
7) Sri. S.V. RAVI	6	YES
8) Sri. R. RAMJI	6	YES

II. BRIEF RESUME OF THE DIRECTORS SEEKING REAPPOINTMENT :

Name of the Director	Sri K.Lakshminarayanan		Sri S.R.Subramanian	
Age (Years)	76		66	
Date of Appointment	15.10.1994		01.02.1985	
Expertise in specific functional area	Retired Bank executive		35 years experience in Banking and Securities .	
Qualification	B.Com., C.A.I.I.B.,		M.Sc.,	
List of outside Directorship held	PUBLIC	PRIVATE	PUBLIC	PRIVATE
	---	1	1	1
Chairman / Member of the Committee of the Board of Directors of the company	Chairman of Audit Committee		Chairman of Shareholders / Investors Grievance Committee	
Chairman / Member of the Committee of Directors of other Companies	Nil		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. Lakshminarayanan (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 five times during the financial year on 30.04.2008, 16.06.2008, 31.07.2008, 24.10.2008 & 30.01.2009

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 four times during the financial year on 30.04.2008, 16.06.2008, 11.08.2008 & 30.01.2009

No. of shareholders queries/complaints received during 2008-09	-	68
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 the three Non-executive /

Independent Directors, namely Sri.K.Lakshminarayanan, Sri.P.K.Ramasubramanian 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 2008-09 are given below :

<u>Name and Designation</u>	<u>Salary & Perquisites</u> <u>(Rupees in Lakhs)</u>
Sri.A.Rammohan Raja, Managing Director	12.21

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. LAKSHMINARAYANAN	7,500
2) Sri. S.R. SUBRAMANIAN	24,600
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. RISK MANAGEMENT

The Company has laid down a Risk Management Policy and Procedure to inform the Board Members about the Risk assessment and minimization process, which is a vigorous and active process for identification and mitigation of risks.

Audit committee as well as the Board of Directors have adopted the Risk Management Policy and the Audit Committee reviews the risk management and mitigation plan from time to time.

XI. 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**

XII. GENERAL BODY MEETING :

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

Date	Venue	Time
20.09.2006	Sri Arjuna Manthiram, Rajapalayam	9.30 A.M
31.08.2007	- do -	9.30 A.M
11.08.2008	- 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.

XIII. 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	-	15 th to 31 st July
Unaudited results for the Second Quarter	-	15 th to 31 st October
Unaudited results for the Third Quarter	-	15 th to 31 st January
Unaudited results for the Fourth Quarter	-	15 th to 30 th April

XIV. MANAGEMENT DISCUSSION AND ANALYSIS

The matters that are required to be discussed as per the Listing Agreement in respect of Management Discussion and Analysis has been stated in the Directors Report.

XV. SHAREHOLDERS INFORMATION :

1. FINANCIAL CALENDER : Year ended March 31, 2009
2. ANNUAL GENERAL MEETING : **TWENTY FOURTH**
3. DATE & TIME : **22nd August, 2009 - 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 : **13.08.2009 to 22.08.2009**
(Both days inclusive)
6. LAST DATE FOR RECEIPT OF PROXY FORM : **20.08.2009 before 9.30 A.M.**
7. DIVIDEND PAYMENT DATE : **ON OR BEFORE 26.08.2009**
8. LISTED STOCK EXCHANGE : The Madras Stock Exchange, Chennai.

The Company has paid Annual Listing fee to the above Stock Exchange for the financial year 2009 - 2010
9. The company's Shares are permitted for trading in Bombay Stock Exchange under INDONEXT Platform with effect from 15.05.2006
10. STOCK CODE : 1. BSE - 590055 2. MSE - PSK
(INDONEXT)

11. STOCK PRICE PERFORMANCE :

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

Month		High (Rs.)	Low (Rs.)
April	2008	10.90	8.18
May	2008	11.99	9.30
June	2008	12.54	9.80
July	2008	11.28	10.05
August	2008	11.81	10.01
September	2008	11.34	8.62
October	2008	9.24	8.23
November	2008	9.86	8.13
December	2008	10.25	7.82
January	2009	10.58	8.00
February	2009	12.05	10.50
March	2009	11.49	9.75

Source : BSE website

Note : There is no trading in Madras Stock Exchange.

POLYSPIN EXPORTS LIMITED

12. 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 Sri. R. Ramji, Sri. S.V. Ravi & Sri. P.S. Ramanathan, Company Secretary are empowered to approve the share transfer.

There are no pending Share Transfer as on 3rd July, 2009

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.

13. DEPOSITORY REGISTRAR :

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

14. NAME OF THE DEPOSITORY : National Securities Depository Ltd.
Central Depository Services (India) Ltd.
15. ISIN No. I N E 9 1 4 G 0 1 0 1 1
16. DEMATERIALISATION OF SHARES AS ON 31.03.2009 : A total number of 18,69,160 shares, the face value of which is Rs. 1,86,91,600 have been dematerialised. This forms 46.73% of the total paidup share capital.
17. 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
18. 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
19. A separate email ID has been created to facilitate the shareholders to redress their grievances. The email ID is : polyspinexportscs@gmail.com
20. PLANT LOCATION : No.1, Railway Feeder Road,
Cholapuram South. Rajapalayam. Tamilnadu.

POLYSPIN EXPORTS LIMITED

21. RANGEWISE HOLDINGS

RANGE	2008 - 2009 No. of Shareholders	2008-2009 (%)	2007-2008 (%)
1 - 500	4153	23.65	35.80
501 - 1000	602	12.51	12.45
1001 - 2000	228	8.67	8.05
2001 - 3000	124	7.97	7.76
3001 - 4000	30	2.61	1.48
4001 - 5000	20	2.37	3.15
5001 - 10000	28	5.18	6.85
10001 - and above	29	37.04	24.40
	5214	100.00	100.00

22. 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 2009.

For POLYSPIN EXPORTS LIMITED,

Place : Rajapalayam
Date : 03.07.2009

A.RAMMOHAN RAJA
Managing Director

R.RAMJI
Joint 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 31.03.2009 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.

A.RAMMOHAN RAJA
MANAGING DIRECTOR

R.RAMJI
JOINT MANAGING DIRECTOR

Place : Rajapalayam
Date : 03.07.2009

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, 2009 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, 2009.

We further state that such compliance is neither an assurance as to 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 : 03.07.2009

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 2009 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 2009, 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 2009.
 - 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 : 03.07.2009

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.

POLYSPIN EXPORTS LIMITED

- 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, 2009 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 explanation 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 (Auditors 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 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 & RAMAN,**
CHARTERED ACCOUNTANTS

Place : Rajapalayam
Date : 03.07.2009

K.V.RAMAN
PARTNER

POLYSPIN EXPORTS LIMITED

BALANCE SHEET as at March 31, 2009

	Schedule No.	As at 31.03.2009 Rs.	As at 31.03.2008 Rs.
SOURCE OF FUNDS			
1. Shareholders funds :			
Share Capital	1	4,00,00,000	4,00,00,000
Reserves and Surplus	2	<u>2,68,38,152</u>	<u>2,25,75,600</u>
		6,68,38,152	6,25,75,600
2. Loan funds :			
Secured Loans	3	4,44,52,910	7,42,91,535
Unsecured Loans	4	<u>1,48,26,000</u>	<u>1,80,77,000</u>
		5,92,78,910	9,23,68,535
3. Deferred Tax Liability	13	11,97,000	16,55,000
Total		<u>12,73,14,062</u>	<u>15,65,99,135</u>
APPLICATION OF FUNDS			
1. Fixed Assets :			
Gross Block		11,72,91,319	10,64,95,332
Less : Depreciation	6	<u>4,89,69,789</u>	<u>4,24,26,356</u>
Net Block		6,83,21,530	6,40,68,976
2. Investments	5	59,65,510	59,65,510
3. <u>Current Assets, Loans and Advances</u>			
(a) Inventories	7	3,14,50,525	6,02,48,932
(b) Cash & Bank Balances	8	1,41,68,499	97,79,912
(c) Loans and advances	9	2,04,74,579	1,59,98,957
(d) Sundry Debtors	10	<u>2,49,88,980</u>	<u>3,82,32,692</u>
		9,10,82,583	12,42,60,493
<u>Less : Current Liabilities & Provisions :</u>			
Liabilities	11	2,26,29,721	2,78,29,984
Provisions	12	<u>1,54,25,840</u>	<u>98,65,860</u>
Net Current Assets		5,30,27,022	8,65,64,649
Total		<u>12,73,14,062</u>	<u>15,65,99,135</u>
Notes on accounts	23		

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

K.V. RAMAN
Partner
Rajapalayam
3rd July, 2009

A.RAMMOHAN RAJA
Managing Director

R.RAMJI
Joint Managing Director

K. LAKSHMINARAYANAN
S.R. SUBRAMANIAN
A. THIRUPATHY RAJA
S.V. RAVI
Directors
P.S. RAMANATHAN
Secretary

POLYSPIN EXPORTS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st March, 2009

	Schedule No.	For the year ended 31.03.2009 Rs.	For the year ended 31.03.2008 Rs.
INCOME			
Sales	14	38,51,54,766	35,63,92,731
Other Income	15	11,70,832	10,65,126
		<u>38,63,25,598</u>	<u>35,74,57,857</u>
EXPENDITURE			
Raw Material consumed	16	24,19,00,811	23,02,56,546
Stores & Spares consumed		97,12,644	99,43,095
Power & Fuel		1,12,89,963	1,36,96,308
Remuneration to Managing Director	17	12,21,103	8,14,190
Salaries & Wages	18	2,78,76,716	2,43,84,354
Other Manufacturing Expenses	19	1,23,36,290	1,48,83,411
Ocean Freight & Lorry Freight		1,35,32,783	1,96,06,188
Interest & Finance Charges	20	83,05,374	1,07,75,772
Administrative, Selling & Other Overheads	21	2,58,54,417	2,14,18,383
Depreciation		77,37,087	65,58,141
(Increase) / Decrease in Stock	22	1,39,18,018	(19,32,256)
		<u>37,36,85,206</u>	<u>35,04,04,132</u>
Profit available for appropriation		1,26,40,392	70,53,725
Balance brought forward		4,75,600	1,02,735
Provision for Taxation - Deferred		4,58,000	3,50,000
		<u>1,35,73,992</u>	<u>75,06,460</u>
Provision for Taxation - Current		50,20,000	27,00,000
Provision for Taxation - FBT		72,000	55,000
Proposed Dividend		32,00,000	28,00,000
Tax on Proposed Dividend		5,43,840	4,75,860
Transfer to General Reserve		40,00,000	10,00,000
Surplus carried to Balance Sheet		7,38,152	4,75,600
		<u>1,35,73,992</u>	<u>75,06,460</u>
Earnings per share (Basic)		2.00	1.16
Face value of Rs 10 each	23 (5)	2.00	1.16

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

A. RAMMOHAN RAJA
Managing Director

K. LAKSHMINARAYANAN
S.R. SUBRAMANIAN
A. THIRUPATHY RAJA
S.V. RAVI
Directors

K.V. RAMAN
Partner
Rajapalayam
3rd July, 2009

R. RAMJI
Joint Managing Director

P.S. RAMANATHAN
Secretary

POLYSPIN EXPORTS LIMITED

SCHEDULES FORMING PART OF ACCOUNTS

	As at 31.03.2009 Rs.	As at 31.03.2008 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	2,21,00,000	2,11,00,000
Add : Transfer from Profit & Loss A/c	<u>40,00,000</u>	<u>10,00,000</u>
	2,61,00,000	2,21,00,000
Surplus in Profit & Loss Account	<u>7,38,152</u>	<u>4,75,600</u>
	2,68,38,152	2,25,75,600
3. SECURED LOANS		
<i>(Refer Schedule 23 Para 3)</i>		
i) From City Union bank		
a) Term Loan	1,19,70,700	1,04,32,327
b) Export Packing Credit	2,09,51,133	2,99,35,719
c) Foreign Bills Discounted	1,08,07,461	2,24,40,832
d) Cash Credit on Raw Material and Book Debts	-----	1,00,44,187
ii) Others		
Hire Purchase Loan	<u>7,23,616</u>	<u>14,38,470</u>
	4,44,52,910	7,42,91,535
4. UNSECURED LOANS		
Fixed Deposits	1,46,33,000	1,78,52,000
Inter Corporate Deposits	<u>1,93,000</u>	<u>2,25,000</u>
	1,48,26,000	1,80,77,000
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., Srilanka.	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 2009.

Description	Gross Block			Depreciation				Net Block		
	Cost as at 01.04.2008	Addition	Deduction	Cost as at 31.03.2009	Up to 01.04.2008	For the Year	Withdrawal	Up to 31.03.2009	As at 31.03.2009	As at 01.04.2008
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Land	33,29,548	7,83,527	6,215	41,06,860	-----	-----	-----	-----	41,06,860	33,29,548
Building	1,63,42,297	-----	1,92,117	1,61,50,180	68,70,317	5,39,416	32,085	73,77,648	87,72,532	94,71,980
Plant & Machinery	8,20,75,526	64,89,596	12,87,128	8,72,77,994	3,37,48,594	67,45,806	11,53,666	3,93,40,734	4,79,37,260	4,83,26,932
Furnitures & Fittings	2,36,816	61,325	-----	2,98,141	1,53,828	15,681	-----	1,69,509	1,28,632	82,988
Vehicles	41,72,263	4,54,673	17,965	46,08,971	15,06,739	4,20,524	7,903	19,19,360	26,89,611	26,65,524
Office Equipment	3,26,447	-----	-----	3,26,447	1,34,597	15,506	-----	1,50,103	1,76,344	1,91,850
Library	12,435	-----	-----	12,435	12,281	154	-----	12,435	-----	154
	10,64,95,332	77,89,121	15,03,425	11,27,81,028	4,24,26,356	77,37,087	11,93,654	4,89,69,789	6,38,11,239	6,40,68,976
Add : Capital Work in Progress	-----	45,10,291	-----	45,10,291	-----	-----	-----	-----	45,10,291	-----
TOTAL	10,64,95,332	1,22,99,412	15,03,425	11,72,91,319	4,24,26,356	77,37,087	11,93,654	4,89,69,789	6,83,21,530	6,40,68,976

POLYSPIN EXPORTS LIMITED

SCHEDULES FORMING PART OF ACCOUNTS (CONTINUED)

	As at 31.03.2009	As at 31.03.2008
	Rs.	Rs.
7. INVENTORIES : (certified by a Director)		
Stores & Spares at cost	31,20,348	36,86,791
Raw Materials at cost	1,25,29,499	2,68,43,445
Work in Process	1,27,96,106	2,69,30,897
Finished Goods	29,93,826	26,43,521
Process Waste	10,746	1,44,278
	<u>3,14,50,525</u>	<u>6,02,48,932</u>
8. CASH AND BANK BALANCES		
Cash on hand	83,708	6,11,668
Bank balances		
- with scheduled bank in Current Account	23,39,798	26,81,439
- with scheduled bank in Term Deposit Account	1,17,44,993	64,86,805
	<u>1,41,68,499</u>	<u>97,79,912</u>
9. LOANS AND ADVANCES		
(Unsecured-Considered Good)		
Advances recoverable in cash or in kind or for value to be received	64,16,927	40,50,631
Income Tax Paid/Tax deducted at source	91,23,355	46,27,059
Claims Receivable	4,62,464	43,85,736
Prepaid Expenses	7,22,516	96,916
Deposits with Govt. departments	25,05,950	23,73,548
Interest Accrued on Deposits	10,15,574	2,87,221
Fringe Benefit Tax	2,27,793	1,77,846
	<u>2,04,74,579</u>	<u>1,59,98,957</u>
10. SUNDRY DEBTORS		
Unsecured-Outstanding over six months		
Considered Good	1,04,159	63,951
Others-Considered Good (Due from Directors-NIL)	2,48,84,821	3,81,68,741
	<u>2,49,88,980</u>	<u>3,82,32,692</u>
11. CURRENT LIABILITIES		
For Purchases		
- Total Outstanding dues to SSI Undertakings	4,31,349	5,40,267
- Others	1,63,55,004	2,11,22,249
For Expenses	41,64,464	29,36,121
For Other Finance	5,79,543	23,47,959
Unclaimed Dividend	10,99,361	8,83,387
Investors Education and Protection Fund		
To be credited with :		
a) Unclaimed Dividend	----	----
b) Unclaimed Matured Deposits	----	----
c) Interest accrued on (a) & (b) above	----	----
	<u>2,26,29,721</u>	<u>2,78,29,984</u>

POLYSPIN EXPORTS LIMITED

SCHEDULES FORMING PART OF ACCOUNTS (CONTINUED)

	As at 31.03.2009	As at 31.03.2008
	Rs.	Rs.
12. PROVISIONS :		
Provision for Taxation	1,14,20,000	64,00,000
Proposed Dividend	32,00,000	28,00,000
Tax on Proposed Dividend	5,43,840	4,75,860
Provision for Fringe Benefit Tax	2,62,000	1,90,000
	<u>1,54,25,840</u>	<u>98,65,860</u>
13. DEFERRED TAX LIABILITY	16,55,000	20,05,000
Less : Transferred from Profit & Loss Account	4,58,000	3,50,000
	<u>11,97,000</u>	<u>16,55,000</u>
14. SALES / INCOME FROM OPERATION :		
Export Sales	36,08,53,365	34,12,91,413
Domestic Sales	2,19,47,313	1,19,03,598
Sale of Waste	23,54,088	31,97,720
	<u>38,51,54,766</u>	<u>35,63,92,731</u>
15. OTHER INCOME :		
Interest Receipts	10,80,394	7,15,700
Sale of Scrap	35,898	3,100
Profit on Sale of High Sea Sales	33,647	3,41,788
Profit on Acquisition of Building by NHA1	9,047	----
Commission (Receipt)	11,846	----
Miscellaneous Income	----	4,538
	<u>11,70,832</u>	<u>10,65,126</u>
16. RAW MATERIAL CONSUMED :		
Polypropylene Granules and Master Batch	22,11,29,766	21,81,92,339
Kraft paper	42,56,918	18,60,536
Printing Materials	23,77,149	12,93,165
Yarn	1,22,67,468	89,10,506
Bags Purchases	18,69,510	----
	<u>24,19,00,811</u>	<u>23,02,56,546</u>
17. REMUNERATION TO MANAGING DIRECTOR		
Remuneration	11,20,000	7,20,000
Perquisites	1,01,103	94,190
	<u>12,21,103</u>	<u>8,14,190</u>
18. SALARIES & WAGES :		
Salaries & Wages	1,83,92,674	1,72,30,817
P.F. & E.S.I. Contribution	31,74,386	29,76,101
Labour Welfare Expenses	5,27,183	9,21,444
LIC Group Gratuity	12,91,820	5,62,474
Bonus	36,09,292	12,88,079
Apprentice Stipend	8,81,361	14,05,439
	<u>2,78,76,716</u>	<u>2,43,84,354</u>

POLYSPIN EXPORTS LIMITED

SCHEDULES FORMING PART OF ACCOUNTS

	For the year ended 31.03.2009 Rs.	For the year ended 31.03.2008 Rs.
19. OTHER MANUFACTURING EXPENSES :		
Repairs & Maintenance		
- Building	2,75,634	3,18,013
- Machinery	5,69,756	5,67,169
- General	2,36,899	1,83,910
Processing Charges paid	1,25,70,842	1,38,68,765
Less : Receipts	<u>13,16,841</u>	<u>54,446</u>
	<u>1,12,54,001</u>	<u>1,38,14,319</u>
	<u>1,23,36,290</u>	<u>1,48,83,411</u>
20. INTEREST & FINANCE CHARGES :		
Interest on		
- Fixed Loans	36,28,082	35,84,587
- Others	45,44,670	70,71,988
H.P. Finance Charges	1,32,622	1,19,197
	<u>83,05,374</u>	<u>1,07,75,772</u>
21. ADMINISTRATIVE, SELLING & OTHER OVERHEADS :		
Postage & Telephone	8,23,352	6,04,897
Printing & Stationery	3,08,371	3,32,575
Travelling Expenses	13,19,402	10,52,266
Bank Charges	25,97,129	28,55,232
Professional Charges	69,200	89,872
Licence, Taxes & Fees	2,61,710	3,25,775
Insurance Charges	14,54,122	19,08,355
Subscription & Periodicals	1,01,865	32,150
Filing Fees	2,500	6,100
Audit Fees	33,950	32,630
Vehicle Maintenance	10,96,741	4,46,278
Miscellaneous Expenses	1,59,453	98,596
Commission paid	1,34,43,340	1,06,83,479
Rent	1,32,000	1,32,000
Loss on Sale of Assets	38,191	34,937
Loss on Acquisition of Land by NHA	2,574	----
Foreign Exchange Fluctuation	-----	15,430
Testing Charges	4,51,328	3,79,741
Service Tax on GTA	1,77,967	2,65,021
Service Tax on BAS	33,81,222	6,66,123
Bad Debts Written Off	----	12,43,079
Rebate	----	2,13,847
	<u>2,58,54,417</u>	<u>2,14,18,383</u>
22. (INCREASE) / DECREASE IN STOCK :		
Opening stock	2,97,18,696	2,77,86,440
Closing stock	<u>1,58,00,678</u>	<u>2,97,18,696</u>
	<u>1,39,18,018</u>	<u>(19,32,256)</u>

23. NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2009

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 Lower of Cost or Net Realisable Value
- 2) Semi finished goods : at Lower of Cost of Raw Materials Plus Conversion cost or Net Realisable Value
- 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 to Employees is accounted on accrual basis. Provision of Rs.16,21,646/- have been made towards Bonus Payable for the year ended 31st March 2009.

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 :

There were no Long-Term Foreign Currency Loans during the last three years for the procurement of fixed assets.

Hence, there is no gain or loss on exchange difference arising out of changes in Accounting Standard (AS11).

- 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 there from 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 31-03-2009	Year Ended 31-03-2008
a) Net Profit after Tax (Rs. in Lacs)	80.06	46.49
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)	2.00	1.16

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

POLYSPIN EXPORTS LIMITED

C) Transaction during the year with Related Parties :

Sl. No.	Particulars	Year Ended			
		31-03-2009	(Rs. in Lakhs)		31-03-2008
		Associate Companies	Key Management Personnel	Associate Companies	Key Management Personnel
1.	Sale of Raw Materials (on High Sea Sales)	17.85	---	92.14	---
2.	Sale of Raw Materials	47.04	---	---	---
3.	Processing charges paid	92.20	---	102.99	---
4.	Processing Charges Receipts	13.17	---	0.54	---
5.	Purchase of Sacks	18.70	---	---	---
6.	Assets Purchased during the year	7.08	---	1.13	---
7.	Remuneration to Directors	---	12.21	---	8.14
8.	Rent	0.24	---	0.24	---
9.	Inter Corporate Deposits Repaid	0.32	---	4.75	---
10.	Sale of Yarn, Fabric & Bags Sales	202.76	---	79.96	---
11.	Assets sold during the year	1.04	---	---	---

7. QUANTITATIVE INFORMATION :

	Year Ended 31-03-2009	Year Ended 31-03-2008
A. Licensed Capacity		
PP Woven FIBC Bags, Paper Bags, PP Woven Fabric & Yarn		Licensing requirement is not applicable to the Company
B. Installed Capacity		
PP Woven FIBC Bags, Paper Bags, PP Woven Fabric & Yarn	2400 Tons per annum	2400 Tons per annum
C. Production, Sales & Stock of		
PP Woven FIBC Bags, Paper Bags, PP Woven Fabric & Yarn		
1. Production	<u>Unit</u>	
1) PP Woven FIBC Bags	Kgs.	27,39,919
2) PP Woven Fabrics	Kgs.	29,441
3) PP Yarn	Kgs.	1,97,495
4) Paper Bags	Kgs.	1,24,068
		30,88,021
		1,015
		1,22,344

POLYSPIN EXPORTS LIMITED

2. Sales

	Unit	Year Ended 31-03-2009		Year Ended 31-03-2008	
		Quantity	Rs. in Lakhs	Quantity	Rs. in Lakhs
1) PP Woven FIBC Bags	Kgs.	27,44,272	3517.59	31,44,498	3447.72
2) PP Woven Fabrics	Kgs	29,441	21.66	1,015	0.76
3) PP Yarn	Kgs	1,97,495	154.02	1,22,344	79.20
4) Paper Bags	Kgs	1,20,348	83.61	---	---
5) Paper	Kgs	---	---	8,716	4.26
6) PP Granules	Kgs	70,305	39.97	---	---
7) Plastic Scrap		---	23.54	---	31.98
8) Other Income (exports)		---	11.16	---	---
			<u>3851.55</u>		<u>3563.92</u>

3. Closing Stock

	Unit	Year Ended 31-03-2009	Year Ended 31-03-2008	Year Ended 31-03-2007
1) PP Woven FIBC Bags	Kgs.	29,961	26,689	77,384
2) Paper Bags	Kgs.	5,429	1,709	65
3) PP Woven Fabrics, Cutbits & Liner	Kgs.	1,57,788	2,78,118	1,84,284
4) PP Yarn	Kgs.	41,978	41,065	27,626

4. Raw Materials Consumed

	Unit	Year Ended 31-03-2009		Year Ended 31-03-2008	
		Quantity	Rs. in Lakhs	Quantity	Rs. in Lakhs
1) PP Granules	Kgs.	30,79,259	2211.30	35,48,529	2181.92
2) Kraft Paper	Kgs.	1,10,541	42.57	58,285	18.60
3) Yarn	Kgs.	112,261	122.67	75,344	89.11
4) Printing Materials		---	23.77	---	12.93
5) Bags Purchase	Kgs.	15,050	18.69	---	---
			<u>2419.00</u>		<u>2302.56</u>

1) Includes Sale of Granules 70.305 MTS (2008-09)

2) Includes Sale of Kraft Paper 8.716 MTS (2007-08)

For the year ended
31-03-2009 31-03-2008

Rs. in Lakhs

D. 1) Value of Imports on CIF Basis

a) Raw Materials & Consumable stores	930.78	1090.16
b) Capital Goods	3.03	---

POLYSPIN EXPORTS LIMITED

2) Expenditure in Foreign Currency

	For the year ended	
	31-03-2009	31-03-2008
	<u>Rs. in Lakhs</u>	
i) Commission to Foreign Agents	134.43	106.83
ii) Foreign Travel Expenses	2.05	2.00
iii) Association Membership Fees	0.36	---
iv) Conference Fees	---	0.54
3) Earnings in foreign exchange on FOB Value of exports	3522.62	3255.53

E. 2) Value of raw materials, stores & Spares consumed

	For the year ended			
	31-03-2009		31-03-2008	
	%	Rs. in Lacs	%	Rs. in Lacs
i) Raw Material				
Imported	37.70	912.07	45.84	1054.49
Indigenous	62.30	1506.97	54.16	1245.90
ii) Stores				
Indigenous	100.00	97.08	100.00	99.43

8. Auditors' Remuneration :

	Rs.	Rs.
Audit Fees	15,000	15,000
Tax Audit Fees /Appeal Fees	5,000	5,000
Certification Fees	6,450	5,130
Travelling Expenses reimbursed	7,500	7,500

9. Sales tax assessment for the year ended 31.03.2005 has been completed. Income tax assessment for the Assessment year 2005-06 has been completed.

10. Managing Director's Remuneration :

	Rs.	Rs.
Salary	11,20,000	7,20,000
Perquisites	1,01,103	94,190

11. Dues to Small Scale Industrial Undertakings :

a) 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) Colortech

POLYSPIN EXPORTS LIMITED

b) Disclosure as per Section 22 of "The Micro, Small and Medium Enterprises Development Act, 2009" (as Certified by the management).

		As at 31.03.2009	As at 31.03.2008
1)	The Principal amount and the interest due thereon remaining unpaid to any supplier: ---- Principal Amount ---- Interest thereon	Nil	Nil
2)	The amount of interest paid by the buyer in terms of Section 18 along with the amounts of the payment made to the supplier beyond the due date	Nil	Nil
3)	The amount of interest due and payable for the year of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Act	Nil	Nil
4)	The amount of interest accrued and remaining unpaid	Nil	Nil
5)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small investor	Nil	Nil

12. a) The Company has generated power out of Wind Mill installed at Pazhavor Taluk, Tirunelveli 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.11.45 Lacs being the credit given by TNEB for the transfer of power to the Grid.

	For the year ended	
	31.03.2009	31.03.2008
Licensed Capacity	Not Applicable	Not Applicable
Installed Capacity	250 KW	250 KW
Units Generated	3,27,108 KWH	3,35,252 KWH
Units Captively Consumed	3,27,108 KWH	3,35,252 KWH
	(included under Power & Fuel)	

b) During the year, the Land to the extent of 200 Sq.mtr (5 cents) and Buildings thereon, situated at Pazhavor Taluk, Tirunelveli District, was taken under Compulsory Land Acquisition Act by National Highways Authority of India towards Quardri-Lateral National Highways Project and a compensation of Rs.1,72,720/- was received.

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 2009-10 has been paid.

14. Deferred Tax (AS 22):

Deferred Tax Asset for Rs.458000/- 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 of India.

15. Contingent Liabilities not Provided For :

	31.03.2009	31.03.2008
	(Rs. in Lakhs)	
	=====	
i) Unexpired Letter of Credit	63.02	96.43
ii) Bank Guarantee	10.00	10.00
iii) Service Tax demand not accepted		
a) Dispute before the High Court	12.67	12.67
b) Under Appeal	18.31	18.31

16. Figures relating to previous year have been regrouped wherever found necessary.

Signatures to Schedules 1 to 23

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

A.RAMMOHAN RAJA
Managing Director

K. LAKSHMINARAYANAN
S.R. SUBRAMANIAN
A. THIRUPATHY RAJA
S.V. RAVI
Directors

K.V. RAMAN
Partner
Rajapalayam
3rd July, 2009

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, 2009. 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 3rd July, 2009 to the members of the Company.

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

Place : Rajapalayam
Date : 03.07.2009

K.V.RAMAN
PARTNER

POLYSPIN EXPORTS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2009

	2008-2009	2007-2008
	(Rupees in Lakhs)	
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before Tax and Extraordinary items	126.40	70.54
Depreciation	77.37	65.58
Interest & Finance Charges	83.05	107.76
Loss on Sale of Assets	0.38	0.35
(Profit)/Loss on Compulsory Acquisition of Building	(0.09)	---
(Profit)/Loss on Compulsory Acquisition of Land	0.03	---
Income Tax Paid	(45.46)	(19.98)
Operating Profit before working Capital Changes	241.68	224.25
ADJUSTMENTS FOR		
(Increase) / Decrease in Inventories	287.98	(153.69)
(Increase) / Decrease in Loans & Advances	(2.32)	71.93
Increase / (Decrease) in Current Liabilities	(54.16)	59.73
(Increase) / Decrease in Sundry Debtors	132.43	47.67
	363.93	25.64
Cash Generated from Operations	605.61	249.89
LESS : Interest & Finance Charges	83.05	107.76
Net Cash from Operating Activities	(A) 522.56	(A) 142.13
NET CASH USED IN INVESTING ACTIVITIES		
Investments in Fixed Assets	(122.99)	(56.76)
Proceeds from Sale of Assets	1.05	0.31
	(B) (121.94)	(B) (56.45)
NET CASH USED IN FINANCING ACTIVITIES		
Proceeds from Long Term Borrowings (Net of Repayments)	(24.27)	(62.87)
Proceeds from Short Term Borrowings (Net of Repayments)	(306.62)	(46.07)
Payment of Dividend and Tax thereon	(25.84)	(0.08)
	(C) (356.73)	(C) (109.02)
Net Decrease in Cash & Cash Equivalents	(A+B+C) 43.89	(A+B+C) (23.34)
Cash & Cash Equivalents as at 31 st March 2008	97.79	121.13
Cash & Cash Equivalents as at 31 st March 2009	141.68	97.79
Net Change in Cash & Cash Equivalents	43.89	(23.34)

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

K.V. RAMAN
Partner
Rajapalayam
3rd July, 2009

A.RAMMOHAN RAJA
Managing Director

R.RAMJI
Joint Managing Director

K. LAKSHMINARAYANAN
S.R. SUBRAMANIAN
A. THIRUPATHY RAJA
S.V. RAVI
Directors
P.S. RAMANATHAN
Secretary

POLYSPIN EXPORTS LIMITED

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

CIN No. : L51909TN1985PLC011683 State Code : 18
Balance Sheet : 31.03.2009

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 : 1,27,314 Total Assets : 1,27,314

Sources of Funds

Paid-up Capital : 40,000 Reserves & Surplus : 26,838
Secured Loans : 44,453 Unsecured Loans : 14,826
Deferred Tax Liability : 1,197

Application of Funds

Net Fixed Assets : 68,321 Investments : 5,966
Net Current Assets : 53,027 Misc. Expenditure : NIL
Accumulated Losses : NIL

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

Turnover : 3,86,325 Total Expenditure : 3,73,685
Profit Before Tax : 12,640 Profit After Tax : 8,006
Earning Per Share in Rs. : 2.00 Dividend rate % : 8%

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

Item Code No. (ITC Code)
3923

Major Product Description
PP WOVEN FIBC BAGS / FABRIC /
PP YARN / PAPER BAGS

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

K.V. RAMAN
Partner
Rajapalayam
3rd July, 2009

A. RAMMOHAN RAJA
Managing Director

R. RAMJI
Joint Managing Director

K. LAKSHMINARAYANAN
S.R. SUBRAMANIAN
A. THIRUPATHY RAJA
S.V. RAVI
Directors

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 Fourth Annual
General Meeting of the Company to be held on 22nd August, 2009 and at any
adjournment thereof.

Signed this day of 2009

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.