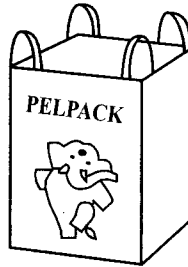


POLYSPIN EXPORTS LTD

(100% EXPORT ORIENTED UNIT)

RAJAPALAYAM



Twenty Seventh Annual Report and Balance Sheet
as at 31st March, 2012

- BOARD OF DIRECTORS** : SHRI A. RAMMOHAN RAJA, *Managing Director*
SHRI K. LAKSHMINARAYANAN
SHRI S.R. SUBRAMANIAN
SHRI S. RENGANATHAN
SHRI A. THIRUPPATHY RAJA
SHRI S. SANKAR
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

POLYSPIN EXPORTS LIMITED

Regd. Office : 351, P.A.C.R. Salai, Rajapalayam - 626 117.

NOTICE

Notice is hereby given that the **Twenty Seventh Annual General Meeting** of the members of the company will be held at 9.30 A.M. on **Monday, the 17th September, 2012**, at Sri Arjuna Manthiram, No.21/595, Sri Krishna Colony, P.A.C.R. Salai, Rajapalayam, to transact the following business.

Ordinary Business :

1. To receive and adopt the Balance Sheet as at 31st March, 2012, 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.

SPECIAL BUSINESS :

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

RESOLVED that Sri. S. Renganathan, be and is hereby appointed as Director of the Company, subject to retirement.

By order of the Board,

Place : Rajapalayam
Date : 30.07.2012

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 08.09.2012 to 17.09.2012 (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 17.09.2012 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 07.09.2012
- (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 | Dividend Percentage | Date of Declaration of Dividend | Last Date for claiming unpaid Dividend | Due date for transfer to IEP Fund |
|----------------------|---------------------|---------------------------------|--|-----------------------------------|
| 31.03.2005 | 6% | 26.09.2005 | 25.09.2012 | 24.10.2012 |
| 31.03.2006 | 6% | 20.09.2006 | 19.09.2013 | 18.10.2013 |
| 31.03.2008 | 7% | 11.08.2008 | 10.08.2015 | 09.09.2015 |
| 31.03.2009 | 8% | 22.08.2009 | 21.08.2016 | 20.09.2016 |
| 31.03.2010 | 10% | 03.09.2010 | 02.09.2017 | 01.10.2017 |
| 31.03.2011 | 10% | 05.09.2011 | 04.09.2018 | 03.10.2018 |

A sum of Rs. 2,41,544/- representing unpaid dividends for the year 31.03.2004 has been transferred to the Investor Education and Protection Fund on 10.10.2011 as required under 205A of the Companies Act, 1956. Shareholders who have not collected the dividends for the year 31.03.2005 are requested to collect the same before 22.10.2012, after which the amount will be transferred to IEP Fund.

- (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.
- (h) **As part of the Green Initiative the Ministry of Corporate Affairs has vide Circular No. 17/2011 dt. 21.04.2011 & No. 18/2011 dt. 29.04.2011 allows the service of documents on members of the Company through electronic mode.**

Accordingly the Company is now permitted to send documents like Notice of the Shareholders Meeting, Other notices, Annual Reports or any other document, to its members in electronic form at the email address provided by the member or made available to the Company by the Depository Participant.

Members are requested to furnish and update their Email ID with Company and the Depository Participant. Members holding shares in Physical form are requested to dematerialize their holdings so as to enable the implementation of the Green Initiative.

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

Item No. 6

Sri. S. Renganathan, was appointed as additional Director of the Company by the Board of Directors and his term of office expires at the ensuing Annual General Meeting.

Sri. S. Renganathan has rich experience in construction chemicals and has to his credit the introduction of many innovative products used in the construction industry. Being an industrialist for the past twenty five years, his association would immensely benefit the Company. He will be an independent and Non-Executive director.

The Company has received a notice along with 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. S. Renganathan as Director of the Company subject to retirement by rotation.

None of the Directors except Sri. S. Renganathan is interested in this item of business.

By order of the Board,

Place : Rajapalayam

Date : 30.07.2012

P.S. Ramanathan

Secretary

DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting the Twenty Seventh Annual Report on the working of the company and Audited Accounts for the year ended 31st March, 2012.

Financial Results

| | Year ended 31.03.2012 | Year ended 31.03.2011 |
|---|----------------------------------|----------------------------------|
| | Rs. | Rs. |
| Sales and other Income ===== | 57,97,10,007 | 44,97,69,354 |
| Operating Profit (Profit before interest, Depreciation and Tax) | 6,03,89,287 | 5,27,92,291 |
| LESS : Interest | 2,10,58,821 | 1,65,60,552 |
| Profit before Depreciation and Tax | 3,93,30,466 | 3,62,31,739 |
| LESS : Depreciation | 1,55,22,777 | 1,11,40,953 |
| Profit before Tax | 2,38,07,689 | 2,50,90,786 |
| Surplus Brought forward from previous year | 23,08,873 | 20,45,228 |
| Excess Depreciation withdrawn relevant to previous year | | 2,87,219 |
| | 2,61,16,562 | 2,74,23,233 |
| Less: Provision for Taxation-Current (MAT) / Previous Year | 48,25,214 | 50,00,000 |
| Provision for Deferred Tax | 30,70,000 | 54,50,000 |
| Profit available for appropriation | 1,82,21,348 | 1,69,73,233 |
| Your directors propose to appropriate the same as follows | | |
| Proposed Dividend @ 10% | 40,00,000 | 40,00,000 |
| Tax on Proposed Dividend | 6,48,900 | 6,64,360 |
| Transfer to General Reserve | 1,00,00,000 | 1,00,00,000 |
| Balance carried over to Balance Sheet | 35,72,448 | 23,08,873 |
| | 1,82,21,348 | 1,69,73,233 |

DIVIDEND

Your Directors are pleased to recommend the payment of **Dividend at Re.1.00 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. 6.48 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 and OE Spinning yarn were as follows :

| | Year ended 31.03.2012 | Year ended 31.03.2011 |
|-----------------------|----------------------------------|--------------------------|
| | Quantity (Kgs.) | Quantity (Kgs.) |
| 1. Production | | |
| 1) PP Woven FIBC Bags | 36,17,124 | 33,45,085 |
| 2) PP Woven Fabrics | 7,861 | 14,008 |
| 3) PP Yarn | 8,23,432 | 6,41,251 |
| 4) Cotton Yarn | 2,940 | ---- |
| 2. Sales | | |
| 1) PP Woven FIBC Bags | 36,63,269 | 32,73,274 |
| 2) PP Woven Fabrics | 2,138 | 7,623 |
| 3) PP Yarn | 8,23,432 | 6,41,251 |
| 4) Cotton Yarn | 1,380 | ---- |

The recovery of the global economy is not on the expected levels. Though there has been a marked improvement, the same is not sufficient. The market is witnessing many ups and downs. It is imperative that a constant watch alone will ensure better performance. Your company has taken every steps and is on the vigil to identify areas where corrective steps should be taken in time.

By the adoption of certain strategy to improve export market, constant upgradation of quality and efficient production facilities, your company has been able to perform better.

The Board of Directors are pleased to inform the shareholders that the establishment of the production facilities to manufacture "Open End Spinning Yarn" has been implemented and commercial production has commenced in the month of March 2012.

The power front has been a major setback not only to the industry but also the entire state. This has increased the cost of production due to internal generation through Genset and third party power purchases at a higher cost. As a consequence the profitability was affected.

Except for the unforeseen circumstances, the impact of the expansion and diversification will be fully reflected in the financial year 2012-2013.

SUBSIDIARIES :

The Ministry of Corporate Affairs, Government of India, vide their General Circular No. 2/2011 dt. 08.02.2011 has granted exemption u/s 212 (8) of the Companies Act, from attaching the full text of Financial Statements of the Subsidiaries subject to certain conditions being fulfilled.

The Annual accounts of the Subsidiary Company Polyspin USA Inc. and the related information be made available to the shareholders of the holding and subsidiary companies seeking such information at any point of time.

The Annual accounts of the Subsidiary Company are also kept for inspection by any shareholders at the Registered Office of the Holding company.

CONSOLIDATED FINANCIAL STATEMENTS :

In accordance with the Accounting Standard AS-21 on the Consolidated Financial Statements, the audited Consolidated Financial Statements are appended and forms part of the Annual Report.

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.

Sri. P.K. Ramasubramanian resigned from the Board of Directors and Sri. S. Renganathan was appointed as additional director. The board wishes to place on record the valuable services rendered by him during his tenure.

DEPOSITS

The total amount of deposits as on 31st March, 2012 was Rs.174.78 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. 3272.64 Lakhs. The foreign exchange earnings during the year is Rs. 5393.14 Lakhs.

PARTICULARS OF EMPLOYEES

Statement under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended has been appended along with the Directors' Report.

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.

AUDITORS

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

COST AUDITORS

Pursuant to the provisions of Section 233B of the Companies Act, 1956, Sri. P.K. Ramasubramanian, has been appointed as Cost Auditor of the company for the financial year 2012-13 to audit the cost accounts and records to facilitate the preparation fo reports in accordance with the companies (Cost audit report) rules, 2011.

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 : 30.07.2012

R.RAMJI
Joint Managing Director

A.RAMMOHAN RAJA
Managing Director

ANNEXURE TO THE DIRECTORS REPORT

Information as per Sec. 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 and forming part of the report of the Directors for the year ended 31st March 2012

| Sl. No. | Name | Designation | Remuneration received | | Qualification |
|---------|----------------------|-------------------|-----------------------|--------------|---------------|
| | | | Gross Rs. | Net Rs. | |
| 1. | Sri A. Rammohan Raja | Managing Director | 27,02,957 /- | 20,31,717 /- | B.Sc., |

| Experience (Years) | Date of Commencement of Employment | Age | Last Employment held |
|--------------------|------------------------------------|----------|----------------------|
| 22 Years | 29.03.1985 | 68 Years | ---- |

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, Industry 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 | 1 | 3 |
| 2) Sri. K. LAKSHMI NARAYANAN | Non-Executive/ Independent | --- | 1 |
| 3) Sri. S.R. SUBRAMANIAN | Non-Executive | 1 | 1 |
| 4) Sri S. RENGANATHAN (with effect from 21.10.2011) | Non-Executive/ Independent | --- | 1 |
| 5) Sri. A. THIRUPPATHY RAJA | - do - | --- | --- |
| 6) Sri. S. SANKAR | - do - | --- | 2 |
| 7) Sri. S.V. RAVI | Non-Executive | 1 | 2 |
| 8) Sri. R. RAMJI | Executive / Joint Managing Director | 1 | 1 |

Five Meetings of the Board of Directors of the Company was held during the year 2011-2012 on 29.04.2011, 29.07.2011, 05.09.2011, 21.10.2011 and 23.01.2012.

| 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.R. SUBRAMANIAN | 5 | Yes |
| 4) Sri S. RENGANATHAN (with effect from 21.10.2011) | 1 | NA |
| 5) Sri. A. THIRUPPATHY RAJA | 5 | Yes |
| 6) Sri. S. SANKAR | 5 | Yes |
| 7) Sri. S.V. RAVI | 5 | Yes |
| 8) Sri. R. RAMJI | 4 | Yes |

II. BRIEF RESUME OF THE DIRECTORS SEEKING RE-APPOINTMENT

| | | | | |
|---|-----------------------------|---------|--|---------|
| Name of the Director | Sri. K. Lakshminarayanan | | Sri. S.R. Subramanian | |
| Age (Years) | 79 | | 69 | |
| Date of Appointment | 15.10.1994 | | 01.02.1985 | |
| Expertise in specific functional area | Retired Bank Executive | | 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. Lakshmi Narayanan (Chairman of the Committee), Sri. S.V.Ravi, and Sri. S. Sankar. Sri. P.S. Ramanathan is the Secretary of the Committee.

The Audit Committee met four times during the financial year on 29.04.2011, 29.07.2011, 21.10.2011 and 23.01.2012.

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 29.04.2011, 29.07.2011, 21.10.2011 and 23.01.2012.

| | | |
|---|---|-----|
| No. of shareholders queries/complaints received during 2011-12 | - | 57 |
| 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.S.Renganathan 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 2011-12 are given below :

| <u>Name and Designation</u> | <u>Salary & Perquisites</u> (Rupees in Lakhs) |
|-----------------------------|--|
|-----------------------------|--|

| | |
|--|-------|
| Sri.A.Rammohan Raja, Managing Director | 27.03 |
|--|-------|

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

No Stock option is provided.

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 | 68,500 |
| 3) Sri. S. RENGANATHAN | 1,000 |
| 4) Sri. A. THIRUPPATHY RAJA | 500 |
| 5) Sri. S. SANKAR | 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.22 Point No.5 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 |
|-------------|-----------------------------------|-------------|
| 22.08.2009 | Sri Arjuna Manthiram, Rajapalayam | 9.30 A.M |
| 03.09.2010 | - do - | 9.30 A.M |
| 05.09.2011 | - 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, 2012**
2. ANNUAL GENERAL MEETING : **TWENTY SEVENTH**
3. DATE & TIME : **17th September 2012 - 9.30 A.M.**
4. VENUE : Sri Arjuna Manthiram,
No. 21/595, Sri Krishna Colony,
P.A.C.R. Salai, Rajapalayam - 626 117.
5. DATE OF BOOK CLOSURE : **08.09.2012 to 17.09.2012**
(Both days inclusive)
6. LAST DATE FOR RECEIPT OF PROXY FORM : **15.09. 2012 - 9.30 A.M.**
7. DIVIDEND PAYMENT DATE : **Date of AGM**
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 2012 - 2013
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 2011 | 21.00 | 18.75 |
| May 2011 | 21.85 | 17.60 |
| June 2011 | 20.95 | 17.15 |
| July 2011 | 21.20 | 17.05 |
| August 2011 | 22.25 | 18.70 |
| September 2011 | 23.85 | 19.55 |
| October 2011 | 23.00 | 17.00 |
| November 2011 | 21.95 | 17.90 |
| December 2011 | 21.25 | 16.05 |
| January 2012 | 21.35 | 15.70 |
| February 2012 | 22.30 | 16.70 |
| March 2012 | 19.65 | 17.25 |

Source : BSE website

Note : There is no trading in Madras Stock Exchange.

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 & Company Secretary Sri. P.S. Ramanathan are empowered to approve the share transfer.

There are no pending Share Transfer as on 30.07.2012.

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 31.03.2012 : A total number of 21,01,110 shares, the face value of which is Rs. 2,10,11,100 have been dematerialised. This forms 52.53 % 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
- i) 100% EOU-PP Woven FIBC Bags : No.1, Railway Feeder Road,
Cholapuram South. Rajapalayam (Via),
Tamilnadu.
- ii) OE Yarn Unit : PEL Textiles,
206 B/1, Sankarankovil Road,
Cholapuram South. Rajapalayam (Via)

21. RANGEWISE HOLDINGS

| RANGE | 2011 - 2012 No. of Shareholders | 2011-2012 (%) | 2010-2011 (%) |
|-------------------|------------------------------------|------------------|------------------|
| 1 - 500 | 3835 | 21.29 | 21.97 |
| 501 - 1000 | 531 | 11.05 | 11.57 |
| 1001 - 2000 | 183 | 6.99 | 7.46 |
| 2001 - 3000 | 85 | 5.38 | 6.39 |
| 3001 - 4000 | 21 | 1.82 | 1.83 |
| 4001 - 5000 | 13 | 1.50 | 1.66 |
| 5001 - 10000 | 23 | 4.25 | 4.65 |
| 10001 - and above | 29 | 47.72 | 44.47 |
| | 4720 | 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 2012.

For POLYSPIN EXPORTS LIMITED,

Place : Rajapalayam

Date : 30.07.2012

R. RAMJI
Joint Managing Director

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 31.03.2012 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 : 30.07.2012

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, 2012 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, 2012.

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 : 30.07.2012

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 2012 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 the 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 2012 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 2012
 - 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 : 28.05.2012

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. We have broadly reviewed the books of account maintained by the company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 209 (1) (d) of the Act in relation to products manufactured and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records.
9. In respect of Statutory dues :
- 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, 2012 for a period of more than six months from the date of becoming payable.
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 : 28.05.2012

K.V.RAMAN
PARTNER

POLYSPIN EXPORTS LIMITED

BALANCE SHEET as at March 31, 2012

| | Schedule No. | As at 31.03.2012 Rs. | As at 31.03.2011 Rs. |
|-----------------------------------|-----------------|-------------------------|-------------------------|
| I. EQUITY AND LIABILITIES | | | |
| 1. Shareholders funds | | | |
| Share Capital | 1 | 4,00,00,000 | 4,00,00,000 |
| Reserves and Surplus | 2 | 5,36,72,448 | 4,24,08,873 |
| | | 9,36,72,448 | 8,24,08,873 |
| 2. Non-current liabilities | | | |
| a) Long-term borrowings | 3 | 14,64,61,892 | 7,60,72,738 |
| b) Deferred Tax liabilities | 4 | 94,62,000 | 63,92,000 |
| | | 15,59,23,892 | 8,24,64,738 |
| 3. Current Liabilities | | | |
| a) Short term borrowings | 5 | 14,86,28,495 | 11,05,19,319 |
| b) Trade payables | 6 | 1,96,93,082 | 1,54,66,901 |
| c) Other Current liabilities | 7 | 91,71,591 | 1,37,69,845 |
| d) Short term provisions | 8 | 2,86,69,442 | 3,05,46,360 |
| | | 20,61,62,610 | 17,03,02,425 |
| TOTAL | | 45,57,58,950 | 33,51,76,036 |
| II. ASSETS | | | |
| 1. Non-current assets | | | |
| a) Fixed assets | | | |
| i) Tangible assets | 9 | 20,55,05,551 | 13,56,34,205 |
| ii) Capital work-in-progress | | 2,05,42,769 | 12,07,283 |
| b) Non-current investments | 10 | 64,27,710 | 60,62,710 |
| | | 23,24,76,030 | 14,29,04,198 |
| 2. Current assets | | | |
| a) Inventories | 11 | 8,71,01,259 | 8,27,30,930 |
| b) Trade receivables | 12 | 6,39,58,817 | 5,22,31,893 |
| c) Cash and Bank Balances | 13 | 1,83,96,725 | 2,26,16,468 |
| d) Short-term loans and advances | 14 | 5,38,26,119 | 3,46,92,547 |
| | | 22,32,82,920 | 19,22,71,838 |
| TOTAL | | 45,57,58,950 | 33,51,76,036 |

Notes on accounts 22

As per our report of even date
M/s. KRISHNAN AND RAMAN
Chartered Accountants
K.V. RAMAN
Partner
Rajapalayam
28.05.2012

A. RAMMOHAN RAJA
Managing Director

R. RAMJI
Joint Managing Director

S. RENGANATHAN
A. THIRUPATHY RAJA
S.V. RAVI
Directors
P.S. RAMANATHAN
Secretary

STATEMENT OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st March, 2012

| | Schedule No. | For the year ended 31.03.2012 Rs. | For the year ended 31.03.2011 Rs. |
|---|-----------------|---|---|
| INCOME | | | |
| Sales / Revenue from Operations | 15 | 57,73,34,863 | 44,46,75,124 |
| Other Income | 16 | 23,75,144 | 50,94,230 |
| | | 57,97,10,007 | 44,97,69,354 |
| EXPENDITURE | | | |
| Cost of Raw Material consumed | 17 | 35,52,35,983 | 30,13,71,621 |
| Changes in / Inventories of Finished Goods, stock-in-Process | 18 | (5,28,874) | (3,24,94,914) |
| Employee Benefit Expenses | 19 | 4,29,66,073 | 3,96,66,199 |
| Finance Costs | 20 | 2,10,58,821 | 1,65,60,552 |
| Depreciation & Amortisation Expenses | | 1,55,22,777 | 1,11,40,953 |
| Other Expenses | 21 | 12,16,47,538 | 8,84,34,157 |
| | | 55,59,02,318 | 42,46,78,568 |
| Profit Before Tax | | 2,38,07,689 | 2,50,90,786 |
| Excess Depreciation withdrawn relevant to Previous year | | ---- | 2,87,219 |
| | | 2,38,07,689 | 2,53,78,005 |
| Provision for Taxation - Current (MAT) | | 48,00,000 | 50,00,000 |
| Provision for Tax - Deferred | | 30,70,000 | 54,50,000 |
| Provision for Tax - Previous Year | | 25,214 | ---- |
| Profit for the Year | | 1,59,12,475 | 1,49,28,005 |
| Earnings per share (Basic) | | | |
| Face value of Rs 10 each (Rs.) | | 3.98 | 3.66 |

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

Chartered Accountants

K.V. RAMAN

Partner
Rajapalayam
28.05.2012

A. RAMMOHAN RAJA

Managing Director

R. RAMJI

Joint Managing Director

S. RENGANATHAN

A. THIRUPATHY RAJA

S.V. RAVI

Directors

P.S. RAMANATHAN

Secretary

POLYSPIN EXPORTS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st March, 2012

| | 2011 - 2012 | 2010 - 2011 |
|--|--|---|
| | (Rupees in Lakhs) | |
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net profit before Tax and Extraordinary items | 238.08 | 250.91 |
| Depreciation | 155.23 | 111.41 |
| Interest & Finance Charges | 210.59 | 165.61 |
| Loss on Sale of Assets | 4.60 | 3.25 |
| Profit on Sale of Assets | (0.30) | (3.13) |
| Income Tax Paid | (93.32) | (76.80) |
| Operating Profit before working Capital Changes | 514.88 | 451.25 |
| ADJUSTMENTS FOR | | |
| - Trade and other Receivables | (267.18) | 17.75 |
| - Inventories | (43.70) | (438.49) |
| - Trade Payables | (5.25) | 29.33 |
| | (316.13) | (391.41) |
| Cash Generated from Operations | 198.75 | 59.84 |
| LESS : Interest & Finance Charges | 210.59 | 165.61 |
| Net Cash from Operating Activities | (A) (11.84) | (A) (105.77) |
| NET CASH USED IN INVESTING ACTIVITIES | | |
| Investments in Fixed Assets | (1066.72) | (814.64) |
| Proceeds from Sale of Assets | 3.05 | 10.15 |
| Investments | (3.65) | ---- |
| | (B) (1067.32) | (B) (804.49) |
| NET CASH USED IN FINANCING ACTIVITIES | | |
| Proceeds from Long Term Borrowings (Net of Repayments) | 703.89 | 547.67 |
| Proceeds from Short Term Borrowings (Net of Repayments) | 381.09 | 467.84 |
| Payment of Dividend and Tax thereon | (48.02) | (43.29) |
| | (C) 1036.96 | (C) 972.22 |
| Net Increase in Cash & Cash Equivalents | (A+B+C) (42.20) | (A+B+C) 61.96 |
| Cash & Cash Equivalents as at 31 st March 2011 | 226.16 | 164.20 |
| Cash & Cash Equivalents as at 31 st March 2012 | 183.96 | 226.16 |
| Net Change in Cash & Cash Equivalents | (42.20) | 61.96 |
| As per our report of even date M/s. KRISHNAN AND RAMAN Chartered Accountants K.V. RAMAN Partner Rajapalayam 28.05.2012 | A. RAMMOHAN RAJA <i>Managing Director</i> R. RAMJI <i>Joint Managing Director</i> | S. RENGANATHAN A. THIRUPPATHY RAJA S.V. RAVI <i>Directors</i> P.S. RAMANATHAN <i>Secretary</i> |

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, 2012. 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 28th May, 2012 to the members of the Company.

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

Place : Rajapalayam
Date : 28.05.2012

K.V.RAMAN
PARTNER.

SCHEDULES FORMING PART OF ACCOUNTS

| | As at 31.03.2012 Rs. | As at 31.03.2011 Rs. |
|---|-------------------------|-------------------------|
| 1. SHARE CAPITAL | | |
| Authorised : | | |
| 50,00,000 Equity Shares of Rs.10/- each (Previous Year : 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 (Previous Year : 40,00,000 Equity Shares of Rs. 10/- each) | <u>4,00,00,000</u> | <u>4,00,00,000</u> |
| 1.1 Reconciliation of the Number of Shares Outstanding | | |
| Number of Shares at the beginning | <u>40,00,000</u> | <u>40,00,000</u> |
| Number of Shares at the end | <u>40,00,000</u> | <u>40,00,000</u> |

1.2 The details of share holders holding more than 5% shows

| Particulars | As at 31.03.2012 | | As at 31.03.2011 | |
|--|------------------|------|------------------|------|
| | No. of Shares | % | No. of Shares | % |
| i) Polyspin Limited | 2,52,800 | 6.32 | 2,21,300 | 5.53 |
| ii) Integrated Enterprises (India) Ltd | 2,50,000 | 6.25 | 2,50,000 | 6.25 |

1.3 There is no Stock option was granted to the employees.**2. RESERVES AND SURPLUS**

| | | | | |
|--|---------------------------|--|---------------------------|--|
| General Reserve | | | | |
| Opening Balance | 4,01,00,000 | | 3,01,00,000 | |
| Add : Transferred from Profit and Loss Account | <u>1,00,00,000</u> | | <u>1,00,00,000</u> | |
| | 5,01,00,000 | | 4,01,00,000 | |
| Profit and Loss Account | | | | |
| Opening Balance | 23,08,873 | | 20,45,228 | |
| Add : Profit for the Year | 1,59,12,475 | | 1,49,28,005 | |
| Less : Proposed Dividend | 40,00,000 | | 40,00,000 | |
| Tax on Dividend | 6,48,900 | | 6,64,360 | |
| Transferred to General Reserves | <u>1,00,00,000</u> | | <u>1,00,00,000</u> | |
| | 35,72,448 | | 23,08,873 | |
| | <u>5,36,72,448</u> | | <u>4,24,08,873</u> | |

SCHEDULES FORMING PART OF ACCOUNTS (CONTINUED)

| | As at 31.03.2012 Rs. | As at 31.03.2011 Rs. |
|--------------------------------------|-------------------------|-------------------------|
| 3. LONG TERM BORROWINGS | | |
| <u>-Secured</u> | | |
| Term Loan from City Union Bank | 9,42,46,613 | 6,36,89,902 |
| - From Others | | |
| Hire Purchase Loan | 19,63,743 | 3,33,836 |
| Buyers Credit - Capital Goods | 3,12,73,536 | ----- |
| <u>- Unsecured</u> | | |
| Deposits | | |
| Fixed Deposits | 1,74,78,000 | 1,20,49,000 |
| Intercompany Deposits | 15,00,000 | ----- |
| | <u>14,64,61,892</u> | <u>7,60,72,738</u> |

3.1 Rupee Term Loan Working capital finance from Bank is secured by a First charge, by way of equitable mortgage, of specified assets under this loan.

3.2 Hire Purchase Loan is secured by hypothecation of Specified Vehicle purchased under the Scheme.

3.3 The Loans are additionally secured by Personal Guarantee of two Directors of the Company.

3.4 The Term Loan from Bank are repayable in equated monthly installments.

The year wise repayment to Term Loan are as follows :-

| Year | Amount (Rs. In Lakhs) |
|-----------|--------------------------|
| 2012 - 13 | 197.82 |
| 2013 - 14 | 211.69 |
| 2014 - 15 | 229.16 |
| 2015 - 16 | 178.16 |
| 2016 - 17 | 117.21 |
| 2017 - 18 | 8.42 |
| | 942.46 |

4. DEFERRED TAX LIABILITIES

| | | |
|-------------------------|------------------|------------------|
| Related to Fixed Assets | <u>94,62,000</u> | <u>63,92,000</u> |
|-------------------------|------------------|------------------|

POLYSPIN EXPORTS LIMITED**SCHEDULES FORMING PART OF ACCOUNTS (CONTINUED)**

| | As at 31.03.2012 | As at 31.03.2011 |
|---|---------------------|---------------------|
| | Rs. | Rs. |
| 5. SHORT TERM BORROWINGS | | |
| -Secured | | |
| From City Union Bank | | |
| - Buyers Credit on Raw Material | 5,65,88,638 | 3,97,86,892 |
| - Foreign Bills Discounted | 2,03,52,486 | 2,22,55,393 |
| - Export Packing Credit | 6,05,28,500 | 3,36,26,672 |
| - Cash Credit on Raw Material and Book debts | 1,11,58,871 | 1,48,50,362 |
| | <u>14,86,28,495</u> | <u>11,05,19,319</u> |
| 5.1 Working Capital Finance from Bank is further secured by hypothecation of all Current Assets of the Company. | | |
| 5.2 The Loans are additionally secured by Personal Guarantee of two Directors of the Company. | | |
| 6. TRADE PAYABLES | | |
| For Goods | <u>1,96,93,082</u> | <u>1,54,66,901</u> |
| 7. OTHER CURRENT LIABILITIES | | |
| For Expenses | 43,60,037 | 86,80,652 |
| For Other Finance | 30,59,112 | 34,89,351 |
| Unpaid Dividend | 17,52,442 | 15,99,842 |
| | <u>91,71,591</u> | <u>1,37,69,845</u> |
| 8. SHORT TERM PROVISIONS | | |
| Provision for Taxation | 2,40,20,000 | 2,56,20,000 |
| Proposed Dividend | 40,00,000 | 40,00,000 |
| Tax on Proposed Dividend | 6,48,900 | 6,64,360 |
| Provision for Fringe Benefit Tax | 542 | 2,62,000 |
| | <u>2,86,69,442</u> | <u>3,05,46,360</u> |

POLYSPIN EXPORTS LIMITED

SCHEDULES FORMING PART OF ACCOUNTS

9. TANGIBLE ASSETS

| Description | Gross Block | | | Depreciation | | | | Net Block | | |
|--------------------------------|--------------------------|---------------------|------------------|--------------------------|---------------------|--------------------|------------------|---------------------|---------------------|---------------------|
| | Cost as at 01.04.2011 | Addition | Deduction | Cost as at 31.03.2012 | Up to 01.04.2011 | For the Year | Withdrawal | Up to 31.03.2012 | As at 31.03.2012 | As at 01.04.2011 |
| | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| Land | 41,47,693 | ---- | ---- | 41,47,693 | ---- | ---- | ---- | ---- | 41,47,693 | 41,47,693 |
| Building | 3,79,55,231 | 2,52,31,444 | ---- | 6,31,86,675 | 89,54,503 | 12,81,558 | ---- | 1,02,36,061 | 5,29,50,614 | 2,90,00,728 |
| Plant & Machinery | 13,93,21,494 | 5,83,62,875 | 4,21,300 | 19,72,63,069 | 4,00,05,520 | 1,33,70,009 | 1,69,252 | 5,32,06,277 | 14,40,56,792 | 9,93,15,974 |
| Furnitures & Fittings | 3,18,641 | ---- | ---- | 3,18,641 | 2,09,198 | 20,170 | ---- | 2,29,368 | 89,273 | 1,09,443 |
| Vehicles | 56,67,391 | 23,28,369 | 12,54,451 | 67,41,309 | 28,01,383 | 6,15,028 | 8,58,057 | 25,58,354 | 41,82,955 | 28,66,008 |
| Office Equipment | 3,64,647 | 2,06,565 | 98,800 | 4,72,412 | 1,70,288 | 2,36,012 | 12,112 | 3,94,188 | 78,224 | 1,94,359 |
| Library | 12,435 | ---- | ---- | 12,435 | 12,435 | ---- | ---- | 12,435 | ---- | ---- |
| | 18,77,87,532 | 8,61,29,253 | 17,74,551 | 27,21,42,234 | 5,21,53,327 | 1,55,22,777 | 10,39,421 | 6,66,36,683 | 20,55,05,551 | 13,56,34,205 |
| Add : Capital Work in Progress | 12,07,283 | 2,05,42,769 | 12,07,283 | 2,05,42,769 | ---- | ---- | ---- | ---- | 2,05,42,769 | 12,07,283 |
| TOTAL | 18,89,94,815 | 10,66,72,022 | 29,81,834 | 29,26,85,003 | 5,21,53,327 | 1,55,22,777 | 10,39,421 | 6,66,36,683 | 22,60,48,320 | 13,68,41,488 |

SCHEDULES FORMING PART OF ACCOUNTS (CONTINUED)

| | | | As at 31.03.2012 | As at 31.03.2011 |
|---|-------------------|---------------------------------------|---------------------------|--------------------|
| | | | Rs. | Rs. |
| 10. NON-CURRENT INVESTMENTS | | | | |
| (Unquoted) | | | | |
| Number | Face Value | Investment (Long term) | | |
| (Equity Shares) | Per Unit | | | |
| 365 | Rs. 1,000/- | M/s. Ganesh Agro Pack (P) Ltd, India. | 3,65,000 | ----- |
| 13,01,119 | SLR. 10/- | M/s. Lankaspin (P) Ltd., Sri Lanka | 59,45,510 | 59,45,510 |
| 2000 | \$ 1/- | M/s. Polyspin USA Inc., USA | 97,200 | 97,200 |
| Non-Trade Investment | | | | |
| | | Kisan Vikas Patra | 20,000 | 20,000 |
| Aggregate Amount of Non-Current Investments at cost | | | <u>64,27,710</u> | <u>60,62,710</u> |
| 11. INVENTORIES | | | | |
| Raw Material | | | 2,92,65,620 | 2,89,55,437 |
| Stores and Spares | | | 80,34,498 | 45,03,226 |
| Work In Process | | | 4,19,66,548 | 3,78,07,227 |
| Finished Goods | | | 77,83,393 | 1,12,74,270 |
| Process Waste | | | 51,200 | 1,90,770 |
| | | | <u>8,71,01,259</u> | <u>8,27,30,930</u> |
| 12. TRADE RECEIVABLES | | | | |
| Over Six Months | | | | |
| Good | | | 58,08,128 | 1,07,088 |
| Below Six Months | | | | |
| Good | | | 5,81,50,689 | 5,21,24,805 |
| | | | <u>6,39,58,817</u> | <u>5,22,31,893</u> |

SCHEDULES FORMING PART OF ACCOUNTS (CONTINUED)

| | As at 31.03.2012 Rs. | As at 31.03.2011 Rs. |
|-----------------------------------|-------------------------|-------------------------|
| 13. CASH AND BANK BALANCES | | |
| Cash on Hand | 14,445 | 2,12,195 |
| Balance with Banks | | |
| - In Current Accounts | 19,02,730 | 81,78,064 |
| - In Fixed Deposit Accounts | 1,64,79,550 | 1,42,26,209 |
| | <u>1,83,96,725</u> | <u>2,26,16,468</u> |

13.1 Balance with banks includes unclaimed dividend of Rs. 17,06,620/-
(Previous year Rs. 15,27,095/-)

14. SHORT TERM LOANS AND ADVANCES

| | | |
|--|--------------------|--------------------|
| Income Tax Paid / Tax Deducted at Source | 2,57,22,857 | 2,28,16,375 |
| Prepaid Expenses | 3,76,849 | 4,11,557 |
| Deposits with Govt. Departments | 35,87,680 | 40,10,243 |
| Interest Accrued on Deposits | 14,13,463 | 16,14,936 |
| Fringe Benefit Tax | ----- | 2,61,458 |
| Claim Receivable | 15,51,566 | 12,12,781 |
| Others | 2,11,73,704 | 43,65,197 |
| | <u>5,38,26,119</u> | <u>3,46,92,547</u> |

Others Includes advance to Sundry Creditors, Advance to staff.

SCHEDULES FORMING PART OF ACCOUNTS (CONTINUED)

| | As at 31.03.2012 Rs. | As at 31.03.2011 Rs. |
|---|-------------------------|-------------------------|
| 15. SALES / REVENUE FROM OPERATION | | |
| Export Sales | 54,96,61,033 | 41,70,37,816 |
| Domestic Sales | 2,35,85,830 | 2,40,74,248 |
| Sale of Waste | 40,88,000 | 35,63,060 |
| | <u>57,73,34,863</u> | <u>44,46,75,124</u> |
| 16. OTHER INCOME | | |
| Interest Receipts | 15,82,621 | 12,62,080 |
| Profit on Sale of High Sea Sales | 2,26,557 | 5,67,002 |
| Profit on Sale of Assets | 30,000 | 3,13,880 |
| Refund for ST on Comm. To NRI | ---- | 29,48,132 |
| Commission (Receipt) | ---- | 3,136 |
| Forex Fluctuations | 5,35,966 | ---- |
| | <u>23,75,144</u> | <u>50,94,230</u> |
| 17. COST OF RAW MATERIAL CONSUMED | | |
| Polypropylene Granules and Master Batch | 32,46,74,061 | 26,95,02,334 |
| Printing Materials | 78,75,104 | 62,34,562 |
| Yarn | 2,19,26,829 | 2,19,34,389 |
| Cotton & Cotton Waste | 7,59,989 | ---- |
| Fabric Purchases | ---- | 37,00,336 |
| | <u>35,52,35,983</u> | <u>30,13,71,621</u> |
| 18. CHANGES IN / INVENTORIES OF FINISHED GOODS, STOCK-IN-PROCESS | | |
| Opening Stock | 4,92,72,267 | 1,67,77,353 |
| Closing Stock | 4,98,01,141 | 4,92,72,267 |
| | <u>(5,28,874)</u> | <u>(3,24,94,914)</u> |
| 19. EMPLOYEE BENEFITS EXPENSE | | |
| Remuneration to Managing Director | 24,14,956 | 24,14,782 |
| Salaries & Wages | 3,13,31,764 | 2,51,59,081 |
| P.F. & E.S.I. Contribution | 53,66,619 | 42,92,450 |
| Labour Welfare Expenses | 20,03,873 | 19,03,045 |
| LIC Group Gratuity | 7,00,198 | 26,71,814 |
| Bonus / Ex-gratia | 11,48,663 | 28,24,770 |
| Apprentice Stipend | ---- | 4,00,257 |
| | <u>4,29,66,073</u> | <u>3,96,66,199</u> |

SCHEDULES FORMING PART OF ACCOUNTS

| | For the year ended 31.03.2012 Rs. | For the year ended 31.03.2011 Rs. |
|--------------------------------------|---|---|
| 20. FINANCE COSTS | | |
| Interest on | | |
| - Fixed Loans | 91,81,987 | 85,35,051 |
| - Others | 1,16,77,593 | 79,66,482 |
| H.P. Finance Charges | 1,99,241 | 59,019 |
| | <u>2,10,58,821</u> | <u>1,65,60,552</u> |
| 21. OTHER EXPENSES | | |
| <u>Manufacturing Expenses</u> | | |
| Repairs & Maintenance | | |
| - Building | 41,62,127 | 23,53,927 |
| - Machinery | 8,46,932 | 11,71,197 |
| - General | 6,94,554 | 7,67,591 |
| Processing Charges paid | 3,75,02,554 | 89,55,296 |
| Stores & Spares Consumed | 1,26,44,428 | 1,55,21,880 |
| Power & Fuel | 2,72,22,012 | 2,45,64,716 |
| | <u>8,30,72,607</u> | <u>5,33,34,607</u> |
| <u>Establishment Expenses</u> | | |
| Postage & Telephone | 6,46,043 | 6,53,083 |
| Printing & Stationery | 7,52,872 | 3,84,304 |
| Travelling Expenses | 23,59,078 | 26,95,933 |
| Bank Charges | 52,40,397 | 32,98,256 |
| Professional Charges | 4,91,329 | 2,06,495 |
| Licence, Taxes & Fees | 5,17,608 | 2,17,262 |
| Insurance Charges | 15,79,888 | 8,18,481 |
| Subscription & Periodicals | 1,35,147 | 40,599 |
| Filing Fees | 5,000 | 15,125 |
| Audit Fees | 46,500 | 46,075 |
| Donation | ---- | 30,000 |
| Vehicle Maintenance | 18,81,936 | 16,97,581 |
| Miscellaneous Expenses | 1,47,387 | 2,07,249 |
| Commission paid | 58,32,424 | 66,58,975 |
| Rent | ---- | 1,23,000 |
| Loss on Sale of Assets | 4,60,194 | 3,25,371 |
| Loss on Sale of Highsea sale | ---- | 22,538 |
| Testing Charges | 4,26,780 | 2,86,641 |
| Service Tax on GTA | 1,52,435 | 1,54,260 |
| Forex fluctuation A/C. | ---- | 4,39,018 |
| Sales Promotion Exps. | 3,00,000 | 2,45,365 |
| Service Tax on Testing Charges | 15,098 | 19,538 |
| Ocean Freight | 1,65,01,090 | 1,55,08,686 |
| Lorry Freight | 10,83,725 | 10,05,715 |
| | <u>3,85,74,931</u> | <u>3,50,99,550</u> |
| | <u>12,16,47,538</u> | <u>8,84,34,157</u> |

22. NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2012

1. ACCOUNTING POLICIES :

- (a) 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.
- (b) The Company generally follows mercantile system of accounting and recognizes significant items of income and expenditure on accrual basis.
- i) SALES :
Export Sales is stated at C & F / CIF / 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 :
 - 1) Depreciation is charged under Straight Line method.
 - 2) Depreciation on Additions during the year 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 to Employees is accounted on cash basis.
- 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) Short term employee benefits are charged off at the undiscounted amount in the year in which the related service is rendered.
- 2) Contribution payable by the Company under defined contribution schemes towards Provident Fund for the year are charged to Profit and Loss Account.
- 3) The Company has its own approved Gratuity Fund and the contributions to that fund are being made to LIC.
- 4) 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.

IX. PROVISION, CONTINGENT LIABILITIES AND CONTINGENT ASSETS :

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the Notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

X. RESEARCH AND DEVELOPMENT :

No such expenditure incurred during the current year.

XI. BORROWING COSTS :

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets.

All other borrowing costs are charged to revenue.

XII. TAXES ON INCOME :

Tax expenses comprises current tax and deferred tax.

- a) Current income tax is measured at the amount expected to be paid to the tax authorities, computed in accordance with the applicable tax rate and tax laws.
- b) The Company recognizes the deferred tax liability / asset based on the accumulated timing difference using the current tax rate.

XIII. GOVERNMENT SUBSIDY / GRANT :

Interest subvention under Pre and Post shipment advance is credited to the interest and finance charges.

XIV. IMPAIRMENT OF ASSETS : AS-28

In the Opinion of the Company, the recoverable amount of the fixed assets of the Company will not be lower than the book value of the fixed assets. Hence, no provision has made for impairment.

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. EARNINGS PER SHARE :

| | Year Ended 31-03-2012 | Year Ended 31-03-2011 |
|--|--------------------------|--------------------------|
| a) Net Profit after Tax (Rs. in Lacs) | 159.12 | 146.41 |
| 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) | 3.98 | 3.66 |

4. 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 | 5. Energyspin (P) Ltd. |
| 2. Lankaspin (P) Ltd., Srilanka. | 6. Ramona Industries |
| 3. Chola Packaging Ltd. | |
| 4. Ganesh Agro Pack (P) Ltd. | |

B) Subsidiary Company :

Polyspin USA Inc., USA.

C) Key management Personnel and Relatives :

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

D) Transaction during the year with Related Parties :

| Sl. No. | Particulars | Year Ended 31-03-2012 | Year Ended 31-03-2011 | | |
|---------|---|--|--------------------------------|--|--------------------------------|
| | | (Rs. in Lakhs) | | | |
| | | Associate / Subsidiary Companies | Key Management Personnel | Associate / Subsidiary Companies | Key Management Personnel |
| 1. | Sale of Raw Materials (on High Sea Sales) | 216.85 | --- | 115.07 | --- |
| 2. | Purchase of Raw Materials (on High Sea Purchases) | 103.67 | --- | --- | --- |
| 3. | Processing charges paid | 331.79 | --- | 56.78 | --- |
| 4. | Remuneration to Directors | --- | 27.03 | --- | 25.59 |
| 5. | Rent | --- | --- | 0.24 | --- |
| 6. | Inter Corporate Deposits Accepted | 15.00 | --- | --- | --- |
| 7. | Sale of Yarn, Fabric & Bags Sales | 717.28 | --- | 546.20 | --- |
| 8. | Assets sold during the year | 1.91 | --- | 9.20 | --- |
| 9. | Investment | 3.65 | --- | --- | --- |
| 10. | Wind Mill Energy captive consumption | 5.42 | --- | --- | --- |

5. SEGMENTWISE REPORTING

As required under Accounting Standard (AS17), the Segment Revenue, Results and Capital employed are furnished below :-

(Rs. in Lakhs)

| Sl. No. | Particulars | Standalone Year ended | |
|---------|---|-----------------------|----------------|
| | | 31.03.2012 | 31.03.2011 |
| 1. | Segment Revenue (Net Sales / Income from each Segment) | | |
| | a) PP Woven FIBC Bags | 5730.89 | 4446.75 |
| | b) Cotton Yarn | 1.58 | ---- |
| | Total | 5732.47 | 4446.75 |
| 2. | Segment Results (Profit (+) / Loss (-) before tax and interest from each segment) | | |
| | a) PP Woven FIBC Bags | 450.44 | 451.49 |
| | b) Cotton Yarn | (1.78) | ---- |
| | Total | 448.66 | 416.51 |
| | Less : i) Financial Charges | 210.59 | 165.00 |
| | ii) Un - allocable income | ---- | ---- |
| | Total Profit Before Tax | 238.07 | 250.91 |
| 3. | Capital Employed (Segment assets - Segment Liabilities) | | |
| | a) PP Woven FIBC Bags | 732.92 | 824.00 |
| | b) Cotton Yarn | 204.08 | ---- |
| | Total | 937.00 | 824.00 |

POLYSPIN EXPORTS LIMITED

| | | For the year ended | |
|----|--|--------------------|------------|
| | | 31-03-2012 | 31-03-2011 |
| | | Rs. in Lakhs | |
| 6. | 1) Value of Imports on CIF Basis | | |
| | a) Raw Materials & Consumable stores | 2854.76 | 2445.25 |
| | b) Capital Goods | 353.60 | 8.71 |
| | 2) Expenditure in Foreign Currency | | |
| | i) Commission to Foreign Agents | 58.32 | 57.96 |
| | ii) Foreign Travel Expenses | 2.70 | 2.16 |
| | iii) Manufacturing Fees | 0.68 | ---- |
| | iv) Bags Testing Fees | 2.58 | ---- |
| | 3) Earnings in foreign exchange on FOB Value of exports | 5393.14 | 4060.75 |

Value of raw materials, stores &
Spares consumed

| | | For the year ended | | | |
|-----|-------------------|--------------------|-------------|------------|-------------|
| | | 31-03-2012 | | 31-03-2011 | |
| | | % | Rs. in Lacs | % | Rs. in Lacs |
| i) | Raw Material | | | | |
| | Imported | 80.36 | 2854.76 | 76.74 | 2312.75 |
| | Indigenous | 19.64 | 697.59 | 23.26 | 700.95 |
| ii) | Stores Indigenous | 100.00 | 126.44 | 100.00 | 155.22 |

| | | | |
|----|--------------------------------|------------|--------|
| 7. | Auditors' Remuneration : | Rs. | Rs. |
| | Audit Fees | 25,000 | 27,575 |
| | Tax Audit Fees /Appeal Fees | 7,500 | 5,000 |
| | Certification Fees | 9,000 | 8,500 |
| | Travelling Expenses reimbursed | 5,000 | 5,000 |

8. Sales tax assessment for the year ended 31.03.2005 has been completed. Income tax assessment for the Assessment year 2009-10 has been completed.

| | | | |
|----|------------------------------------|---------------------------|---------------------------|
| 9. | Managing Director's Remuneration : | <u>2011 - 2012</u> | <u>2010 - 2011</u> |
| | | Rs. | Rs. |
| | Salary | 24,00,000 | 24,00,000 |
| | Perquisites | 3,02,959 | 1,58,782 |

10. As at 31.03.2012, the company has no outstanding dues to Micro, Small and Medium Enterprises. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

11. The Company has generated power out of Wind Mill installed at Pazhavoor 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. 16.71 Lacs being the credit given by TNEB for the transfer of power to the Grid.

| | For the year ended | |
|--------------------------|---------------------------|----------------|
| | 31.03.2012 | 31.03.2011 |
| Licensed Capacity | Not Applicable | Not Applicable |
| Installed Capacity | 250 KW | 250 KW |
| Units Generated | 3,71,504 KWH | 3,53,588 KWH |
| Units Captively Consumed | 3,71,504 KWH | 3,53,588 KWH |

(included under Power & Fuel)

12. The Company's shares are listed in Madras Stock Exchange and are permitted for trading in Bombay Stock Exchange (Indonext Platform). The Listing fee for the financial year 2012-13 has been paid.

13. Deferred Tax (AS 22):

Deferred Tax Liability (Net) for Rs. 30.70 Lakhs as on 31.03.2012 has been provided from the Current year's Profit in accordance with the Accounting for deferred tax in pursuance of AS 22 issued by the Institute of Chartered Accountants of India.

14. Contingent Liabilities not Provided For :

| | 31.03.2012 | 31.03.2011 |
|-------------------------------|------------------------|------------|
| | (Rs. in Lakhs) | |
| | ===== | |
| i) Unexpired Letter of Credit | 148.99 | 68.59 |
| ii) Bank Guarantee | 10.00 | 10.00 |

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

Signature to Schedules 1 to 22

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

K.V. RAMAN
Partner
Rajapalayam
28.05.2012

A.RAMMOHAN RAJA
Managing Director

R.RAMJI
Joint Managing Director

S. RENGANATHAN
A. THIRUPATHY RAJA
S.V. RAVI
Directors

P.S. RAMANATHAN
Secretary

Statement Pursuant to Section 212 (1) (e) of the Companies Act, 1956

| | |
|--|------------------------------------|
| 1) Name of the Subsidiary | POLYSPIN USA INC. |
| 2) Financial Year of the Subsidiary ended | 31.03.2012 |
| 3) Date from which it became a Subsidiary | 02.04.2009 |
| 4) Holding Company's Interest - Number of Shares held - Percentage of holding | 2000 95.24% |
| 5) The net aggregate amount of the Subsidiary's Profit / (Loss) so far as it concerns members of the holding company and is not dealt with in the holding company's account - For the financial year of the Subsidiary - For the Previous financial years of the Subsidiary since it became the Holding Company's Subsidiary | USD 2159 USD 1019 |
| 6) The Net aggregate amount of the Subsidiary's Profit / (Loss) dealt with in the Holding Company's accounts. - For the financial year of the Subsidiary - For the Previous financial years of the Subsidiary since it became the Holding Company's Subsidiary | Nil Nil |

| Sl.No. | Name of Subsidiary Company | Polyspin USA Inc. As at 31.03.2012 | | Polyspin USA Inc. As at 31.03.2011 | |
|--------|----------------------------|---------------------------------------|--------------------|---------------------------------------|---------------|
| | | Amount in USD | Amount in INR | Amount in USD | Amount in INR |
| 1 | Capital | 2,100 | 1,07,100 | 2,000 | 90,000 |
| 2 | Reserves & Surplus | 3,326 | 1,69,626 | 1,167 | 52,515 |
| 3 | Total Assets | 1,21,555 | 61,99,305 | 2,31,195 | 1,04,03,775 |
| 4 | Total Liabilities | 1,16,129 | 59,22,579 | 2,28,028 | 1,02,61,260 |
| 5 | Total Income | 2,72,317 | 1,38,88,167 | 2,49,539 | 1,12,29,255 |
| 6 | Profit before Taxation | 2,295 | 1,17,045 | 1,567 | 70,515 |
| 7 | Provision for Taxation | 136 | 6,936 | 548 | 24,660 |
| 8 | Profit after Taxation | 2,159 | 1,10,109 | 1,019 | 45,855 |
| 9 | Proposed Dividend | ---- | ---- | ---- | ---- |

Exchange rate as on 31.03.2012 - 1 US Dollar = INR 51.00

As per our report of even date
M/s.KRISHNAN AND RAMAN
Chartered Accountants
K.V. RAMAN
Partner
Rajapalayam
28.05.2012

A.RAMMOHAN RAJA
Managing Director

R.RAMJI
Joint Managing Director

S. RENGANATHAN
A. THIRUPATHY RAJA
S.V. RAVI
Directors
P.S. RAMANATHAN
Secretary

AUDITOR'S REPORT

To

The Board of Directors of Polyspin Exports Limited on the Consolidated Financial Statements of Polyspin Exports Limited and its Subsidiaries.

1. We have examined the attached Consolidated Balance Sheet of Polyspin Exports Limited and its Subsidiaries, Polyspin USA Inc as at 31st March, 2012, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year then ended. These Consolidated financial statements are the responsibility of M/s. Polyspin Exports Limited's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting frame work and are free of material misstatement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of subsidiaries. These financial statements have been audited by the auditor of the subsidiary whose reports have been furnished to us, and in our opinion, in so far as it relates to the amounts included in respect of the subsidiaries, they are based on the said report.
4. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirement of Accounting Standard (AS) 21, Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of Separate audited financial statements of M/s. Polyspin Exports Limited and its Subsidiaries audit report is included in the Consolidated financial statements.
5. On the basis of information and explanation given to us and on the consideration of the separate audit report on individual audited financial statements of M/s. Polyspin Exports Limited and its Subsidiaries audit report, we are of the opinion that the said financial statements give a true and fair view in conformity with accounting principles generally accepted in India :
 - i) In the case of the Consolidated Balance Sheet, consolidated state of affairs of the Company and its subsidiaries as at 31st March, 2012.
 - ii) In the case of Consolidated Profit and Loss Account, of the consolidated results of operations of the Company and its Subsidiaries for the year then ended; and
 - iii) In the case of Consolidated Cash Flow Statement, of the consolidated cash flows of the Company and its Subsidiaries for the year then ended.

For **M/S.KRISHNAN & RAMAN,**
CHARTERED ACCOUNTANTS

Place : Rajapalayam
Date : 28.05.2012

K.V. RAMAN
PARTNER

CONSOLIDATED BALANCE SHEET as at March 31, 2012

| | Schedule No. | As at 31.03.2012 Rs. | As at 31.03.2011 Rs. | |
|-----------------------------------|-----------------|-------------------------|-------------------------|--------------|
| I. EQUITY AND LIABILITIES | | | | |
| 1. Shareholders funds | | | | |
| Share Capital | 1 | 4,00,00,000 | 4,00,00,000 | |
| Reserves and Surplus | 2 | 5,38,51,974 | 4,24,61,388 | |
| | | 9,38,51,974 | | 8,24,61,388 |
| 2. Non-current liabilities | | | | |
| a) Long-term borrowings | 3 | 14,64,61,892 | 7,60,72,738 | |
| b) Deferred Tax liabilities (Net) | 4 | 94,62,000 | 63,92,000 | |
| | | 15,59,23,892 | | 8,24,64,738 |
| 3. Current Liabilities | | | | |
| a) Short term borrowings | 5 | 14,86,28,495 | 11,05,19,319 | |
| b) Trade payables | 6 | 2,56,15,661 | 2,57,03,501 | |
| c) Other Current liabilities | 7 | 91,71,591 | 1,37,69,845 | |
| d) Short term provisions | 8 | 2,86,69,442 | 3,05,71,020 | |
| | | 21,20,85,189 | | 18,05,63,685 |
| TOTAL | | 46,18,61,055 | 34,54,89,811 | |
| II. ASSETS | | | | |
| 1. Non-current assets | | | | |
| a) Fixed assets | | | | |
| i) Tangible assets | 9 | 20,55,05,551 | 13,56,34,205 | |
| ii) Capital work-in-progress | | 2,05,42,769 | 12,07,283 | |
| iii) Other Non-current assets | | ---- | 7,200 | |
| b) Non-current investments | 10 | 63,30,510 | 59,65,510 | |
| | | 23,23,78,830 | | 14,28,14,198 |
| 2. Current assets | | | | |
| a) Inventories | 11 | 8,94,40,833 | 8,68,99,820 | |
| b) Trade receivables | 12 | 6,73,56,029 | 5,70,30,648 | |
| c) Cash and Bank Balances | 13 | 1,87,55,969 | 2,40,52,598 | |
| d) Short-term loans and advances | 14 | 5,39,29,394 | 3,46,92,547 | |
| | | 22,94,82,225 | | 20,26,75,613 |
| TOTAL | | 46,18,61,055 | 34,54,89,811 | |
| Notes on accounts | 15 | | | |

As per our report of even date
M/s. KRISHNAN AND RAMAN
Chartered Accountants
K. V. RAMAN
Partner
Rajapalayam
28.05.2012

A. RAMMOHAN RAJA
Managing Director

R. RAMJI
Joint Managing Director

S. RENGANATHAN
A. THIRUPATHY RAJA
S. V. RAVI
Directors

P. S. RAMANATHAN
Secretary

STATEMENT OF CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st March, 2012

| | For the year ended 31.03.2012 Rs. | For the year ended 31.03.2011 Rs. |
|---|---|---|
| INCOME | | |
| Sales / Revenue from Operations | 57,73,34,863 | 44,46,75,124 |
| Other Income | 27,54,380 | 55,45,715 |
| | 58,00,89,243 | 45,02,20,839 |
| EXPENDITURE | | |
| Cost of Raw Material consumed | 35,52,35,983 | 30,13,71,621 |
| Changes in / Inventories of Finished Goods, Stock-in-Process | (5,28,874) | (3,24,94,914) |
| Employee Benefit Expenses | 4,29,66,073 | 3,96,66,199 |
| Finance Costs | 2,10,58,821 | 1,65,60,552 |
| Depreciation & Amortisation Expenses | 1,55,22,777 | 1,11,40,953 |
| Other Expenses | 12,19,09,729 | 8,88,15,127 |
| | 55,61,64,509 | 42,50,59,538 |
| Profit Before Tax | 2,39,24,734 | 2,51,61,301 |
| Excess depreciation withdrawn relevant to previous year | ---- | 2,87,219 |
| | 2,39,24,734 | 2,54,48,520 |
| Provision for Taxation - Current (MAT) | 48,06,936 | 50,24,660 |
| Provision for Tax - Deferred | 30,70,000 | 54,50,000 |
| Provision for Tax - Previous Year | 25,214 | ---- |
| Profit for the Year | 1,60,22,584 | 1,49,73,860 |
| Earnings per share (Basic) | | |
| Face value of Rs 10 each (Rs.) | 4.01 | 3.67 |

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

K.V. RAMAN
Partner
Rajapalayam
28.05.2012

A.RAMMOHAN RAJA
Managing Director

R.RAMJI
Joint Managing Director

S. RENGANATHAN
A. THIRUPATHY RAJA
S.V. RAVI
Directors

P.S. RAMANATHAN
Secretary

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st March, 2012

| | 2011 - 2012 | 2010 - 2011 |
|--|-----------------------------|---------------------|
| CASH FLOW FROM OPERATING ACTIVITIES | (Rupees in Lakhs) | |
| Net profit before Tax and Extraordinary items | 239.25 | 251.61 |
| Depreciation | 155.23 | 111.41 |
| Interest & Finance Charges | 210.59 | 165.61 |
| Loss on Sale of Assets | 4.60 | 3.25 |
| Profit on Sale of Assets | (0.30) | (3.13) |
| Income Tax Paid | (93.32) | (76.80) |
| Operating Profit before working | <u>516.05</u> | <u>451.95</u> |
| Capital Changes | | |
| ADJUSTMENTS FOR | | |
| - Trade and other Receivables | (295.63) | (20.82) |
| - inventories | (25.41) | (455.77) |
| - Trade Payables | (7.02) | 96.04 |
| | <u>(328.06)</u> | <u>(380.55)</u> |
| Cash Generated from Operations | 187.99 | 71.40 |
| LESS : Interest & Finance Charges | 210.59 | 165.61 |
| Net Cash from Operating Activities | (A) (22.60) | (A) (94.21) |
| NET CASH USED IN INVESTING ACTIVITIES | | |
| Investments in Fixed Assets | (1066.72) | (814.64) |
| Proceeds from Sale of Assets | 3.05 | 10.15 |
| Investments | (3.65) | ---- |
| | <u>(B) (1067.32)</u> | <u>(B) (804.49)</u> |
| NET CASH USED IN FINANCING ACTIVITIES | | |
| Proceeds from Long Term Borrowings (Net of Repayments) | 703.89 | 547.67 |
| Proceeds from Short Term Borrowings (Net of Repayments) | 381.09 | 467.84 |
| Payment of Dividend and Tax thereon | (48.02) | (43.29) |
| | (C) 1036.96 | (C) 972.22 |
| Net Increase in Cash & Cash Equivalents | (A+B+C) (52.96) | (A+B+C) 73.52 |
| Cash & Cash Equivalents as at 31 st March 2011 | | 240.52 |
| Cash & Cash Equivalents as at 31 st March 2012 | | 187.56 |
| Net Change in Cash & Cash Equivalents | | (52.96) |

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

Chartered Accountants

K.V. RAMAN

Partner
Rajapalayam
28.05.2012

A.RAMMOHAN RAJA
Managing Director

R.RAMJI
Joint Managing Director

S. RENGANATHAN
A. THIRUPATHY RAJA
S.V. RAVI
Directors

P.S. RAMANATHAN
Secretary

AUDIT CERTIFICATE ON THE CONSOLIDATED CASH FLOW STATEMENT

To

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

We have examined the attached Consolidated Cash Flow Statement of Polyspin Exports Limited its Subsidiaries, Polyspin USA Inc for the year ended 31st March, 2012. 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 28th May, 2012 to the members of the Company.

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

Place : Rajapalayam
Date : 28.05.2012

K.V.RAMAN
PARTNER.

CONSOLIDATED SCHEDULES FORMING PART OF ACCOUNTS

| | | |
|--|-------------------------|-------------------------|
| | As at 31.03.2012 | As at 31.03.2011 |
| | Rs. | Rs. |

1. SHARE CAPITAL

Authorised :

| | | |
|---|--------------------|--------------------|
| 50,00,000 Equity Shares of Rs.10/- each (Previous Year : 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 (Previous Year : 40,00,000 Equity Shares of Rs. 10/- each) | <u>4,00,00,000</u> | <u>4,00,00,000</u> |
|---|--------------------|--------------------|

1.1 Reconciliation of the Number of Shares Outstanding

| | | |
|-----------------------------------|------------------|------------------|
| Number of Shares at the beginning | <u>40,00,000</u> | 40,00,000 |
| Number of Shares at the end | <u>40,00,000</u> | <u>40,00,000</u> |

1.2 The details of share holders holding more than 5% shows

| Particulars | As at 31.03.2012 | | As at 31.03.2011 | |
|--|------------------|------|------------------|------|
| | No. of Shares | % | No. of Shares | % |
| i) Polyspin Limited | 2,52,800 | 6.32 | 2,21,300 | 5.53 |
| ii) Integrated Enterprises (India) Ltd | 2,50,000 | 6.25 | 2,50,000 | 6.25 |

1.3 There is no Stock option was granted to the employees.

2. RESERVES AND SURPLUS

General Reserve

| | | |
|--|---------------------------|--------------------|
| Opening Balance | 4,01,00,000 | 3,01,00,000 |
| Add : Transferred from Profit and Loss Account | <u>1,00,00,000</u> | <u>1,00,00,000</u> |
| | 5,01,00,000 | 4,01,00,000 |
| Translation Reserve | 9,900 | ---- |
| Profit and Loss Account | <u>37,42,074</u> | <u>23,61,388</u> |
| TOTAL | <u>5,38,51,974</u> | <u>4,24,61,388</u> |

POLYSPIN EXPORTS LIMITED

CONSOLIDATED SCHEDULES FORMING PART OF ACCOUNTS (CONTINUED)

| | As at 31.03.2012 | As at 31.03.2011 |
|--------------------------------------|---------------------|--------------------|
| | Rs. | Rs. |
| 3. LONG TERM BORROWINGS | | |
| <u>-Secured</u> | | |
| Term Loan from City Union Bank | 9,42,46,613 | 6,36,89,902 |
| - From Others | | |
| Hire Purchase Loan | 19,63,743 | 3,33,836 |
| Buyers Credit - Capital Goods | 3,12,73,536 | ----- |
| <u>- Unsecured</u> | | |
| Deposits | | |
| Fixed Deposits | 1,74,78,000 | 1,20,49,000 |
| Intercorporate Deposits | 15,00,000 | ----- |
| | 14,64,61,892 | 7,60,72,738 |

3.1 Rupee Term Loan Working capital finance from Bank is secured by a First charge, by way of equitable mortgage, of specified assets under this loan.

3.2 Hire Purchase Loan is secured by hypothecation of Specified Vehicle purchased under the Scheme.

3.3 The Loans are additionally secured by Personal Guarantee of two Directors of the Company.

3.4 The Term Loan from Bank are repayable in equated monthly installments.

The year wise repayment to Term Loan are as follows :-

| Year | Amount (Rs. In Lakhs) |
|-----------|--------------------------|
| 2012 - 13 | 197.82 |
| 2013 - 14 | 211.69 |
| 2014 - 15 | 229.16 |
| 2015 - 16 | 178.16 |
| 2016 - 17 | 117.21 |
| 2017 - 18 | 8.42 |
| | 942.46 |

4. DEFERRED TAX LIABILITIES

| | | |
|-------------------------|------------------|------------|
| Related to Fixed Assets | 94,62,000 | 63, 92,000 |
|-------------------------|------------------|------------|

CONSOLIDATED SCHEDULES FORMING PART OF ACCOUNTS (CONTINUED)

| | As at 31.03.2012 Rs. | As at 31.03.2011 Rs. |
|---|-------------------------|-------------------------|
| 5. SHORT TERM BORROWINGS | | |
| -Secured | | |
| From City Union Bank | | |
| - Buyers Credit on Raw Material | 5,65,88,638 | 3,97,86,892 |
| - Foreign Bills Discounted | 2,03,52,486 | 2,22,55,393 |
| - Export Packing Credit | 6,05,28,500 | 3,36,26,672 |
| - Cash Credit on Raw Material and Book debts | 1,11,58,871 | 1,48,50,362 |
| | <u>14,86,28,495</u> | <u>11,05,19,319</u> |
| 5.1 Working Capital Finance from Bank is further secured by hypothecation of all Current Assets of the Company. | | |
| 5.2 The Loans are additionally secured by Personal Guarantee of two Directors of the Company. | | |
| 6. TRADE PAYABLES | | |
| For Goods | <u>2,56,15,661</u> | <u>2,57,03,501</u> |
| 7. OTHER CURRENT LIABILITIES | | |
| For Expenses | | |
| For Other Finance | 43,60,037 | 86,80,652 |
| Unpaid Dividend | 30,59,112 | 34,89,351 |
| | 17,52,442 | 15,99,842 |
| | <u>91,71,591</u> | <u>1,37,69,845</u> |
| 8. SHORT TERM PROVISIONS | | |
| Provision for Taxation | 2,40,20,000 | 2,56,44,660 |
| Proposed Dividend | 40,00,000 | 40,00,000 |
| Tax on Proposed Dividend | 6,48,900 | 6,64,360 |
| Provision for Fringe Benefit Tax | 542 | 2,62,000 |
| | <u>2,86,69,442</u> | <u>3,05,71,020</u> |

POLYSPIN EXPORTS LIMITED

CONSOLIDATED SCHEDULES FORMING PART OF ACCOUNTS

9. TANGIBLE ASSETS

| Description | Gross Block | | | Depreciation | | | | Net Block | | |
|--------------------------------|--------------------------|---------------------|------------------|--------------------------|---------------------|--------------------|------------------|---------------------|---------------------|---------------------|
| | Cost as at 01.04.2011 | Addition | Deduction | Cost as at 31.03.2012 | Up to 01.04.2011 | For the Year | Withdrawal | Up to 31.03.2012 | As at 31.03.2012 | As at 01.04.2011 |
| | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| Land | 41,47,693 | ----- | ----- | 41,47,693 | ----- | ----- | ----- | ----- | 41,47,693 | 41,47,693 |
| Building | 3,79,55,231 | 2,52,31,444 | ----- | 6,31,86,675 | 89,54,503 | 12,81,558 | ----- | 1,02,36,061 | 5,29,50,614 | 2,90,00,728 |
| Plant & Machinery | 13,93,21,494 | 5,83,62,875 | 4,21,300 | 19,72,63,069 | 4,00,05,520 | 1,33,70,009 | 1,69,252 | 5,32,06,277 | 14,40,56,792 | 9,93,15,974 |
| Furnitures & Fittings | 3,18,641 | ----- | ----- | 3,18,641 | 2,09,198 | 20,170 | ----- | 2,29,368 | 89,273 | 1,09,443 |
| Vehicles | 56,67,391 | 23,28,369 | 12,54,451 | 67,41,309 | 28,01,383 | 6,15,028 | 8,58,057 | 25,58,354 | 41,82,955 | 28,66,008 |
| Office Equipment | 3,64,647 | 2,06,565 | 98,800 | 4,72,412 | 1,70,288 | 2,36,012 | 12,112 | 3,94,188 | 78,224 | 1,94,359 |
| Library | 12,435 | ----- | ----- | 12,435 | 12,435 | ----- | ----- | 12,435 | ----- | ----- |
| | 18,77,87,532 | 8,61,29,253 | 17,74,551 | 27,21,42,234 | 5,21,53,327 | 1,55,22,777 | 10,39,421 | 6,66,36,683 | 20,55,05,551 | 13,56,34,205 |
| Add : Capital Work in Progress | 12,07,283 | 2,05,42,769 | 12,07,283 | 2,05,42,769 | ----- | ----- | ----- | ----- | 2,05,42,769 | 12,07,283 |
| TOTAL | 18,89,94,815 | 10,66,72,022 | 29,81,834 | 29,26,85,003 | 5,21,53,327 | 1,55,22,777 | 10,39,421 | 6,66,36,683 | 22,60,48,320 | 13,68,41,488 |

POLYSPIN EXPORTS LIMITED

CONSOLIDATED SCHEDULES FORMING PART OF ACCOUNTS (CONTINUED)

| | As at 31.03.2012 Rs. | As at 31.03.2011 Rs. |
|---|--------------------------------------|--|
| 10. NON-CURRENT INVESTMENTS | | |
| (Unquoted) | | |
| Number (Equity Shares) | Face Value Per Unit | Investment (Long term) |
| 365 | Rs. 1,000/- | M/s. Ganesh Agro Pack (P) Ltd, India. |
| | | 3,65,000 |
| 13,01,119 | SLR. 10/- | M/s. Lankaspin (P) Ltd., Sri Lanka |
| | | 59,45,510 |
| | | Non-Trade Investment |
| | | Kisan Vikas Patra |
| | | 20,000 |
| | | 20,000 |
| Aggregate Amount of Non-Current Investments at cost | | <u>63,30,510</u> |
| | | <u>59,65,510</u> |
| 11. INVENTORIES | | |
| Raw Material | | 2,92,65,620 |
| | | 2,89,55,437 |
| Stores and Spares | | 80,34,498 |
| | | 45,03,226 |
| Work In Process | | 4,19,66,548 |
| | | 3,78,07,227 |
| Finished Goods | | 1,01,22,967 |
| | | 1,54,43,160 |
| Process Waste | | 51,200 |
| | | 1,90,770 |
| | | <u>8,94,40,833</u> |
| | | <u>8,68,99,820</u> |
| 12. TRADE RECEIVABLES | | |
| Over Six Months | | |
| Good | | 58,08,128 |
| | | 1,07,088 |
| Below Six Months | | |
| Good | | 6,15,47,901 |
| | | 5,69,23,560 |
| | | <u>6,73,56,029</u> |
| | | <u>5,70,30,648</u> |

POLYSPIN EXPORTS LIMITED**CONSOLIDATED SCHEDULES FORMING PART OF ACCOUNTS (CONTINUED)**

| | As at 31.03.2012 Rs. | As at 31.03.2011 Rs. |
|-----------------------------------|-------------------------|-------------------------|
| 13. CASH AND BANK BALANCES | | |
| Cash on Hand | 3,73,689 | 16,48,325 |
| Balance with Banks | | |
| - In Current Accounts | 19,02,730 | 81,78,064 |
| - In Fixed Deposit Accounts | 1,64,79,550 | 1,42,26,209 |
| | <u>1,87,55,969</u> | <u>2,40,525</u> |

13.1 Balance with banks includes unclaimed dividend of Rs. 17,06,620/-
(Previous year Rs. 15,27,095/-)

14. SHORT TERM LOANS AND ADVANCES

| | | |
|--|--------------------|--------------------|
| Income Tax Paid / Tax Deducted at Source | 2,57,22,857 | 2,28,16,375 |
| Prepaid Expenses | 3,76,849 | 4,11,557 |
| Deposits with Govt. Departments | 35,87,680 | 40,10,243 |
| Interest Accrued on Deposits | 14,13,463 | 16,14,936 |
| Fringe Benefit Tax | ----- | 2,61,458 |
| Claim Receivable | 15,51,566 | 12,12,781 |
| Others | 2,12,76,979 | 43,65,197 |
| | <u>5,39,29,394</u> | <u>3,46,92,547</u> |

Others Includes advance to Sundry Creditors, Advance to staff.

15. NOTES ON CONSOLIDATED ACCOUNTS

1) Basis of Consolidation :

- a) The Consolidated Financial Statement include the Financial Statements of Polyspin Exports Limited, its Subsidiary Namely Polyspin USA Inc.

| Name of the Subsidiary | Country of Incorporation | Proportion of Ownership interest |
|------------------------|--------------------------|----------------------------------|
| Polyspin USA Inc. | USA | 95.24% |

The Consolidated Financial Statements have been prepared on the following basis :

- b) The financial statements of the Parent Company and its subsidiary Company have been consolidated on a line by line basis, by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balance and intra-group transactions resulting in unrealized Profit or Losses.
- c) The Consolidated Financial statements are prepared by adopting uniform accounting policies.
- d) The excess / lower of cost of the Parent Company of its investment in the Subsidiaries over the parents portion of equity of the Subsidiaries at the date on which investment in the Subsidiaries are made is described in the financial statements as Good Will and Capital reserves.

2) Other significant Accounting Policies :

These are set out under the head "Significant Accounting Policies" of the Company and the Subsidiaries.

- 3) Previous year's figures have been regrouped / recast wherever considered necessary.

4) NOTES ON ACCOUNTS :

- i) Contingent Liabilities not Provided For :

31.03.2012 31.03.2011
(Rs. Lakhs)

| i) Unexpired Letter of Credit | - | 148.99 |
|-------------------------------|---|--------|
| ii) Bank Guarantee | - | 68.59 |
| | | 10.00 |

- ii) The Parent 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.

| | Rs. | Rs. |
|--------------------------------|--------|----------|
| Auditor's Remuneration : | | |
| Audit Fees | 25,000 | 2,07,575 |
| Tax Audit Fees / Appeal Fees | 7,500 | 5,000 |
| Certification Fees | 9,000 | 1,09,750 |
| Travelling Expenses reimbursed | 5,000 | 5,000 |

- 6) Sales tax assessment for the year ended 31.03.2005 has been completed. Income tax assessment for the Assessment year 2009-10 has been completed.

7. SEGMENTWISE REPORTING

As required under Accounting Standard (AS17), the Segment Revenue, Results and Capital employed are furnished below :-

(Rs. in Lakhs)

| Sl. No. | Particulars | Consolidated year ended | |
|---------|---|-------------------------|----------------|
| | | 31.03.2012 | 31.03.2011 |
| 1. | Segment Revenue (Net Sales / Income from each Segment) | | |
| | a) PP Woven FIBC Bags | 5730.89 | 4411.12 |
| | b) Cotton Yarn | 1.58 | ---- |
| | Total | 5732.47 | 4411.12 |
| 2. | Segment Results (Profit (+) / Loss (-) before tax and interest from each segment) | | |
| | a) PP Woven FIBC Bags | 451.49 | 417.21 |
| | b) Cotton Yarn | (1.78) | ---- |
| | Total | 449.71 | 417.21 |
| | Less : i) Financial Charges | 210.59 | 165.00 |
| | ii) Un - allocable income | ---- | 2.87 |
| | Total Profit Before Tax | 239.12 | 254.48 |
| 3. | Capital Employed (Segment assets - Segment Liabilities) | | |
| | a) PP Woven FIBC Bags | 734.92 | 825.00 |
| | b) Cotton Yarn | 204.08 | ---- |
| | Total | 939.00 | 825.00 |

- 8) As at 31.03.2012, the company has no outstanding dues to Micro, Small and Medium Enterprises. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.
- 9) The Parent Company's shares are listed in Madras Stock Exchange and are permitted for trading in Bombay Stock Exchange (Indonext Platform.) The Listing fee for the financial year 2012-13 has been paid.
- 10) Deferred Tax (AS 22) :

Deferred Tax Liability (Net) for Rs. 30.70 Lakhs as on 31.03.2012 has been provided from the Current year's Profit in accordance with the Accounting for deferred tax in pursuance of AS 22 issued by the Institute of Chartered Accountants of India.

Signatures to Schedules 1 to 15

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

K.V. RAMAN
Partner
Rajapalayam
28.05.2012

A. RAMMOHAN RAJA
Managing Director

R. RAMJI
Joint Managing Director

S. RENGANATHAN
A. THIRUPATHY RAJA
S.V. RAVI
Directors

P.S. RAMANATHAN
Secretary

POLYSPIN EXPORTS LIMITED

351, P.A.C.R. Salai, Rajapalayam - 626 117

PROXY FORM

Folio No.

Client ID No.

No. of Shares held

I/We Son / Wife / Daughter of
..... residing at
being Member / Members of POLYSPIN EXPORTS LIMITED hereby appoint
..... of
residing at as my / our proxy to vote for me / us on my /
our behalf at the Twenty Seventh Annual General Meeting of the Company to be
held on 17th September, 2012 and at any adjournment thereof.

Affix
Re.1
REVENUE
STAMP

Proxy's Signature

Member's Signature

Signed this day of 2012.

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.

If undelivered, please return to :

POLYSPIN EXPORTS LIMITED

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

Rajapalayam - 626 117.

Tamil Nadu.