

AUDITORS' REPORT**TO THE MEMBERS OF POLYPLEX CORPORATION LIMITED**

We have audited the attached Balance Sheet of Polyplex Corporation Limited as at 31st March 2012, the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We report that-

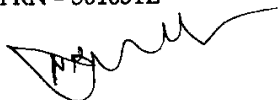
1. As required by the Companies (Auditor's Report) Order, 2003 (as amended) ("the order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 (the Act), we enclose in the Annexure, a Statement on the matters specified in paragraphs 4 and 5 of the said order.
2. Further to our comments in the Annexure referred to in Paragraph 1 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 purposes 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, Statement of Profit & Loss and Cash Flow Statement referred to in this report are in agreement with the books of account;
 - d) In our opinion, read with note no. 26 K(III) regarding capitalization of Foreign Derivative loss incurred in relation to import of capital goods, the Balance Sheet, Statement of Profit & Loss and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in Section 211(3C) of the Companies Act, 1956;
 - e) According to the information and explanation given to us none of the directors as on 31st March 2012 is disqualified from being appointed as director under section 274(1)(g) of the Companies Act, 1956.



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 accounting policies, notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :

- i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;
- ii) in the case of the Statement of Profit & Loss, of the profit for the year ended on that date; and
- iii) in the case of Cash Flow Statement, of the Cash Flows for the year ended on that date.

For Lodha & Co.,
Chartered Accountants
FRN - 301051E


(N K Lodha)

Partner

Membership No. 085155



Place: New Delhi

Date: 29/5/2012

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph (1) of our Report of even date of Polyplex Corporation Limited for the year ended 31st March 2012)

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.

(b) We have been informed by the management that fixed Assets have been physically verified by the management during the year according to the regular programme of periodical verification in phased manner which in our opinion is reasonable having regard to the size of the Company and the nature of its Fixed Assets. According to the information and explanations given to us, discrepancies noticed on such physical verification were not material.

(c) As per the records and information and explanations given to us, no substantial part of Fixed Assets has been disposed off during the year and therefore does not affect the going concern assumption.
2. (a) We have been explained by the management that the Inventory of the Company at all its locations (except stocks lying with third parties/in transit) have been physically verified by the Management at reasonable intervals.

(b) In our opinion and according to information and explanations given to us, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and nature of its business.

(c) In our opinion and according to information and explanations given to us, the Company is maintaining proper records of inventory and the discrepancies noticed on physical verification of inventory as compared to book records were not material.
3. (a) As informed to us, the Company has granted unsecured loan to a company covered in the register maintained under Section 301 of the Act. The maximum amount involved during the year in respect of said company/person is Rs 1,008.83 Lac and the year end balance of such loan is Rs 1,000 lacs.

(b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms & conditions on which aforesaid loan has been given are not, prima facie, prejudicial to the interest of the company.

(c) In respect of aforesaid loan, the receipt of principal amount and interest is regular.

(d) The recovery of principal amount and interest during the year is as per stipulation.

(e) As informed to us, the company has not taken any loan, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii) (f) and (g) of the Order are not applicable to the Company.



In our opinion and according to the information and explanations given to us, having regard to the explanation that some of the items purchased are of specialised nature, taking into consideration the quality, usage and such other factors, comparative

sources/quotations are not available, the Company has internal control systems commensurate with the size of the Company and nature of its business (read with note no. 26E) for the purchases of inventory, fixed assets and for the sale of goods and services which needs to be further strengthened. Further, on the basis of examination of the books and records of the Company and according to the information and explanations given to us and as per the checking carried out in accordance with the auditing standards generally accepted in India, neither we have observed nor we have been informed of any continuing failure to correct major weaknesses in internal control system.

5. (a) In our opinion and according to the information and explanations given to us, the particulars of contract or arrangement that need to be entered into the register maintained under Section 301 of the Act have been so entered.

(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements entered into the register maintained under section 301 of the Act and exceeding the value of rupees five lacs in respect of each party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Section 58A and 58AA or any other relevant provisions of the Act and rules framed there under. We have been informed that no order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal in this regard.
7. In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.
8. The Central Government has prescribed maintenance of cost records under Section 209(1)(d) of the Act, in respect of Polyester Chips. On the basis of the records produced and broadly reviewed by us, we are of the opinion that, prima facie, the prescribed records have been made and maintained. However, we are not required to and have not carried out any detailed examination of the said records, with a view to determine whether they are accurate or complete.
9. (a) In our opinion and according to the information and explanations given to us, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Service Tax, Custom Duty, Excise Duty, Cess and any other statutory dues have generally been deposited in time during the year with the appropriate authorities and there are no undisputed statutory dues payable for a period of more than six months from the date they became payable as at 31st March 2012.

(b) In our opinion and according to the information & explanations given to us, there are no dues in respect of wealth tax, service tax and cess that have not been deposited with appropriate authority on account of any dispute and the dues in respect of sales tax, customs duty, excise duty, and income tax that have not been deposited with the appropriate authorities on account of dispute and the forum where the dispute is pending are given below:




| Name of the Statute | Nature of Dues | Period to which the Amount Relates | Amount (Rs. in Lacs) | Forum where disputes are pending |
|--------------------------------|-------------------------|------------------------------------|----------------------|----------------------------------|
| U.P. Tax on Entry of Goods ACT | Entry Tax | 2001-02 | 0.61 | Tribunal |
| Sales Tax Act | Sales Tax | 1996-97 | 18.4 | High Court |
| | | 1997-98 | 28.55 | Deputy Commissioner (Appeal) |
| | | 1998-99 | 29.05 | Deputy Commissioner (Appeals) |
| | | 2002-03 | 2.6 | Tribunal |
| | | 2004-05 | 35.8 | Deputy Commissioner (Assessment) |
| | | 2006-07 | 0.7 | Joint Commissioner (Appeal) |
| | | 2006-07 | 63.04 | Deputy Commissioner (Appeal) |
| | | 2008-09 | 1.28 | Tribunal |
| | | 2010-11 | 7 | Joint Commissioner |
| Central Excise Act, 1944 | Excise Duty and Penalty | 2009-10 | 19.91 | Additional Commissioner |

10. The Company does not have accumulated losses as at the end of the financial year and has not incurred cash losses in the current financial year and in the immediately preceding financial year.
11. In our opinion, on the basis of audit procedures and according to the information and explanations given to us, the Company has not defaulted in repayment of any dues to financial institutions or banks or debenture holders.
12. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund or a nidhi / mutual benefit fund / society, therefore, the clause 4 (xiii) of The Order is not applicable to the Company.
14. According to the information and explanations given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments.
15. In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions.



16. In our opinion and on the basis of information and explanations given to us, the term loans were applied for the purposes for which the loans were obtained.
17. On the basis of information and explanations given to us and on an overall examination of the Balance Sheet of the Company, no funds raised on short-term basis have been used for long-term investment.
18. The company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
19. The Company has not issued any debentures.
20. The Company has not raised any money through a public issue during the year.
21. Based upon the audit procedures performed in accordance with accepted auditing practices in India, we have neither come across any instance of fraud on or by the Company, noticed or reported, during the year nor we have been informed of such case by the management.

For Lodha & Co.,
Chartered Accountants
FRN - 301051E


(N K Lodha)
Partner
Membership No. 085155



Place: New Delhi

Date: 29/5/2012

AUDITORS' REPORT**To the Board of Directors of Polyplex Corporation Limited on the Consolidated Financial Statements of Polyplex Corporation Limited and its Subsidiaries**

1. We have examined the attached Consolidated Balance Sheet of Polyplex Corporation Limited, and its subsidiaries as at 31st March 2012 and the Consolidated Statement of Profit and Loss and also the Consolidated Cash Flow Statement for the year then ended.
2. These Consolidated Financial Statements are the responsibility of the management of Polyplex Corporation Limited. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the generally accepted Auditing Standards 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 respect, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall Financial Statements. We believe that our audit provides a reasonable basis for our opinion.
3. a) We did not audit the financial statements of the foreign subsidiaries M/s Polyplex (Asia) Pte. Ltd., Polyplex (Thailand) Public Company Ltd., Polyplex (Singapore) Pte. Ltd., Polyplex (Americas) Inc., Polyplex Europa Polyester Film Sanayi ve Ticaret A.S., Polyplex (America) Holdings Inc., Polyplex (USA) LLC., PAR LLC and Polyplex Resins Sanayi ve Ticaret Anonim Sirketi whose financial statements reflect total assets of Rs.3,27,895.53 Lacs as at 31st March 2012 and the total revenues of Rs.1,91,610.50 Lacs for the year then ended. These financial statements have been audited by other auditors, as per applicable GAAP in their respective country, whose report has been furnished to us, and our opinion, in so far as it relates to the amounts includes in respects of the subsidiaries, is based solely on the report of the other auditors.

b) We did not audit the financial statements of the foreign subsidiary Polyplex Trading (Shenzhen) Co. Ltd. whose unaudited financial statements reflect total assets of Rs.464.68 Lacs as at 31st March 2012 and total revenues of Rs. 557.05 Lacs for the year then ended. The said financial statements, which were furnished to us by the management, were unaudited. We are unable to express an opinion on true and fair view in so far it related to amounts considered in the financial statements for the reason as stated above.
4. Attention is invited to Note No. 27E (iii) regarding Capitalization of Foreign Currency Derivative Loss / Gain incurred in relation to import of capital goods as explained in the said note.




5. We report that the Consolidated Financial Statements have been prepared by the Management of the company in accordance with the requirements of Accounting Standard (AS) 21, "Consolidated Financial Statements", and other accounting standards issued by the Institute of Chartered Accountants of India.

On the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of the Polyplex Corporation Limited and its subsidiaries, read together with the Notes to Accounts of Consolidated Financial Statements, we are of the opinion that :

- a) the Consolidated Balance Sheet gives a true and fair view of the Consolidated State of Affairs of Polyplex Corporation Limited and its Subsidiaries as at 31st March 2012;
- b) the Consolidated Statement of Profit and Loss gives a true and fair view of the consolidated results of operations of Polyplex Corporation Limited and its Subsidiaries for the year then ended; and
- c) the Consolidated Cash Flow Statement gives a true and fair view of the consolidated cash flows of Polyplex Corporation Limited and its Subsidiaries for the year then ended.

For Lodha & Co.,
Chartered Accountants
Firm Registration No: 301051E


(N.K. Lodha)
Partner
Membership No. 085155



Place: New Delhi

Date: 29/5/2012