

POLYSPIN EXPORTS LTD

(100% EXPORT ORIENTED UNIT)

RAJAPALAYAM



*Twenty Second Annual Report and Balance sheet
as at 31st March 2007*

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

SECRETARY : SHRI P.S. RAMANATHAN, B.Com.,B.L.,A.C.S.

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

BANKERS : CITY UNION BANK LTD.
 RAJAPALAYAM.

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

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

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

NOTICE

Notice is hereby given that the Twenty Second Annual General Meeting of the members of the Company will be held at 9.30 A.M. on Friday, the 31st August, 2007 at Sri Arjuna Manthiram, No. 12, Sri Krishna Colony, P.A.C.R. Salai, Rajapalayam, to transact the following business.

AGENDA

1. To receive and adopt the Balance Sheet as at 31st March, 2007, Profit and Loss Account for the period ended on that date and the reports of Directors and Auditors thereon.
2. To appoint a Director in place of Sri S.R. Subramanian who retires by rotation and being eligible offers himself for re-election.
3. To appoint a Director in place of Sri A. Thiruppathy Raja who retires by rotation and being eligible offers himself for re-election.
4. To appoint Auditors and fix their remuneration. M/s. Krishnan & Raman, Chartered Accountants, the retiring Auditor is eligible for re-appointment.

By order of the Board,

Place : Rajapalayam

Date : 28.07.2007

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 16.08.2007 to 31.08.2007 (both days inclusive)
- (d) 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.

DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting their Twenty Second Annual Report on the working of the Company and Audited Accounts for the year ended 31st March, 2007.

FINANCIAL RESULTS :

	Year ended 31.03.2007	Year ended 31.03.2006
	Rs.	Rs.
Sales and other Income	34,87,60,032	23,80,80,756
Operating Profit (Profit before interest, Depreciation and Tax)	2,18,64,588	1,78,77,899
LESS : Interest	1,01,98,340	64,58,607
Profit before Depreciation and Tax	1,16,66,248	1,14,19,292
LESS : Depreciation	57,92,850	46,96,810
Profit before Tax	58,73,398	67,22,482
Surplus Brought forward from previous year	1,83,861	1,60,477
Add : Excess provision for Taxation withdrawn	1,45,475	27,503
	62,02,734	69,10,462
LESS : Provision for Taxation - Current	21,00,000	16,00,000
Provision for Taxation - Deferred	(85,000)	8,40,000
Provision for Fringe Benefit Tax	85,000	50,000
Profit available for appropriation	41,02,734	44,20,462

Your directors propose to appropriate the same as follows :

Proposed Dividend	---- Nil ----	24,00,000
Tax on Proposed Dividend	---- Nil ----	3,36,600
Transfer to General Reserve	40,00,000	15,00,000
Balance carried over to Balance Sheet	1,02,734	1,83,862
	41,02,734	44,20,462

DIVIDEND :

In order to conserve resources for the Working Capital requirements of the Company, your Directors are not recommending any Distribution of Dividend for the year.

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

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

	Year ended 31.03.2006	Year ended 31.03.2007	Increase Percentage
Production (Kgs)	23,13,386	30,51,443	31.90 %
Sales (Kgs)	22,83,618	30,66,853	34.30 %

The price of PP Granules though settled to an extent, is still on the increasing trend. By adoption of certain strategic marketing efforts, your Company was in a position to improve the volume of business.

The economy is witnessing a high growth rate. Many developmental activities are taking place and our country's economy will be much stronger. But the appreciation in the value of rupee, which is bound to strengthen our economy, on the other hand, will be a hurdle for exports. However with the adoption of certain strategic policies like product mix, identification of new markets, the profitability is likely to be maintained.

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

AWARDS :

Your Company has received the Award for "Best EOU (Non SSI Category - Plastic Products)" for outstanding export performance for the year 2004-05 instituted by the Exports Promotion Council for EOU's and SEZ units, Ministry of Commerce, Government of India, New Delhi.

The Company has also received the State Safety Award in recognition of the Best Safety Performance for the year 2003 instituted by the Office of the Chief Inspector of Factories, Tamilnadu Government, Chennai.

DEPOSITS :

The total amount of deposits as on 31st March, 2007 was Rs.194.89 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.1517.28 Lakhs. The foreign exchange earnings during the year is Rs.3182.16 Lakhs.

PARTICULARS OF EMPLOYEES :

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

RESPONSIBILITY STATEMENT :

The Directors confirm :

- a) That in the preparation of the annual accounts, the applicable accounting standards have been followed and that no material departures have been made from the same;
- b) That appropriate accounting policies have been selected and applied them consistently and have made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period;
- c) That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 1956, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d) That the annual accounts have been prepared on a going concern basis.

DIRECTORS :

Sri.S.R.Subramanian and Sri.A.Thiruppathy Raja, Directors retire by rotation at the ensuing Annual General Meeting and they are eligible for re-appointment.

AUDITORS :

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

REPORT ON CORPORATE GOVERNANCE :

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

ACKNOWLEDGEMENT :

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

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

On Behalf of the Board,
For POLYSPIN EXPORTS LIMITED,

Place : Rajapalayam
Date : 28.07.2007

A. RAMMOHAN RAJA
MANAGING DIRECTOR

REPORT ON CORPORATE GOVERNANCE

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

I. BOARD OF DIRECTORS

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

The Board consists of Eight Directors:

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

Five Meetings of the Board of Directors of the Company was held during the year 2006-2007 on 24.04.2006, 28.07.2006, 20.09.2006, 31.10.2006, and 31.01.2007.

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	Yes
3) Sri S. KALYANAM	4	Yes
4) Sri S.R. SUBRAMANIAN	5	Yes
5) Sri A. THIRUPPATHY RAJA	5	Yes
6) Sri S. SHANKAR	4	Yes
7) Sri S.V. RAVI	5	Yes
8) Sri R. RAMJI	4	No

II. BRIEF RESUME OF THE DIRECTORS SEEKING REAPPOINTMENT :

Name of the Director	Sri S.R. Subramanian		Sri A. Thiruppathy Raja	
Age (Years)	64		59	
Date of Appointment	29.03.1985		06.07.2001	
Expertise in specific functional area	35 Years experience in Banking and Securities		Business	
Qualification	M.Sc.,		B.A.,	
List of outside Directorship held	PUBLIC	PRIVATE	PUBLIC	PRIVATE
	1	1	--	--
Chairman / Member of the committee of the Board of Directors of the Company	Shareholders / Investors Grievance Committee (Chairman)		Shareholders / Investors Grievance Committee (Member)	
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. Shankar. Sri P.S. Ramanathan is the Secretary of the Committee.

The Audit Committee met five times during the financial year on 24.04.2006, 28.07.2006, 20.09.2006, 31.10.2006 and 31.01.2007.

IV. REMUNERATION OF DIRECTORS

- 1) Your Company does not have a Remuneration Committee. The remuneration payable to the Managing Director is determined by the Board subject to the approval of the Shareholders.

Details of Remuneration paid to the Managing Director during the year 2006-07 are given below:

<u>Name and Designation</u>	<u>Salary & Perquisites (Rupees in Lakhs)</u>
Sri A. RAMMOHAN RAJA, Managing Director	8.07

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

- 2) 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.
- 3) The Companies in which the Non-executive Directors are holding the Directorship are considered Related parties as per Accounting Standard 18 issued by the Institute of Chartered Accountants of India and the transaction with such companies are disclosed in Note No.23 Point No.6(C) Notes forming part of the accounts.

V. 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. KALYANAM	10,000
3) Sri. S.R. SUBRAMANIAN	24,100
4) Sri. A. THIRUPPATHY RAJA	500
5) Sri. S. SHANKAR	1,500
6) Sri. S.V. RAVI	6,300

VI. 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 24.04.2006, 28.07.2006, 20.09.2006 and 31.01.2007.

No. of Shareholders queries / complaints received during 2006-07	- 92
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

VII. 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.

VIII. 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**

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**

IX. GENERAL BODY MEETING

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

Date	Venue	Time
24.09.2004	Sri Arjuna Manthiram, Rajapalayam.	9.30 A.M.
26.09.2005	- do -	9.30 A.M.
20.09.2006	- 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.

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

XI. MANAGEMENT DISCUSSION AND ANALYSIS

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

XII. SHAREHOLDERS INFORMATION

1. FINANCIAL CALENDER : Year ended March 31, 2007
2. ANNUAL GENERAL MEETING : TWENTY SECOND
3. DATE & TIME : 31st August 2007 --- 9.30 A.M.
4. VENUE : Sri Arjuna Manthiram
No. 12, Sri Krishna Colony,
P.A.C.R. Salai, Rajapalayam.
5. DATE OF BOOK CLOSURE : 16.08.2007 to 31.08.2007
6. LISTED STOCK EXCHANGE : The Madras Stock Exchange, Chennai.

The Company has paid Annual listing fee to the above Stock Exchange for the financial year 2007-2008.

7. The Company's Shares are permitted to be traded in Bombay Stock Exchange under INDONEXT Platform with effect from 15.05.2006.
8. STOCK CODE : 1. BSE - 590055 (INDONEXT)
2. MSE - PSK
9. STOCK PRICE PERFORMANCE : The Share price movement in Bombay Stock Exchange is given below.