

POLYSPIN EXPORTS LTD

(100% EXPORT ORIENTED UNIT)

RAJAPALAYAM



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

POLYSPIN EXPORTS LIMITED

BOARD OF DIRECTORS	: SHRI A. RAMMOHAN RAJA, <i>Managing Director</i> SHRI K. LAKSHMINARAYANAN SHRI S.R. SUBRAMANIAN SHRI P.K. RAMASUBRAMANIAN SHRI A. THIRUPPATHY RAJA SHRI S. SHANKAR SHRI S.V. RAVI SHRI R. RAMJI, <i>Joint Managing Director</i>
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**NOTICE**

Notice is hereby given that the **Twenty Fourth Annual General Meeting** of the members of the company will be held at 9.30 A.M. on **Saturday, the 22nd August, 2009** at Sri Arjuna Manthiram, No.12, Sri Krishna Colony, P.A.C.R. Salai, Rajapalayam, to transact the following business.

Agenda :

1. To receive and adopt the Balance Sheet as at 31st March, 2009, Profit and Loss Account for the period ended on that date and the reports of Directors and Auditors thereon.
2. To declare a Dividend.
3. To appoint a Director in place of Sri K. Lakshminarayanan who retires by rotation and being eligible offers himself for re-election.
4. To appoint a Director in place of Sri S.R. Subramanian who retires by rotation and being eligible offers himself for re-election.
5. To appoint Auditors and fix their remuneration. M/s. Krishnan & Raman, Chartered Accountants, the retiring Auditor is eligible for re-appointment.

By order of the Board,

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Place : Rajapalayam

Date : 03.07.2009.

P.S. Ramanathan

Secretary

Notes :

- (a) A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member.
- (b) The instrument appointing a proxy should however be deposited at the registered office of the company not less than forty eight hours before the commencement of the meeting.
- (c) The Register of Members and the Share Transfer Books of the Company will remain closed from 13.08.2009 to 22.08.2009 (both days inclusive).
- (d) The dividend on the Equity shares as recommended by the Board will be paid on the approval of the members of the company to the eligible shareholders whose name appear in the company's register of members as on 22nd August, 2009 and to the eligible beneficial owners whose name appear in the list provided by the Depositories- National Securities Depository Ltd and Central Depository Services (India) Ltd as on 12th August, 2009.

POLYSPIN EXPORTS LIMITED

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

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

- (f) Members holding shares in physical form are requested to notify immediately change in their address, if any, to the Company quoting their folio numbers and members holding shares in Electronic form to their respective depository participant.
- (g) Members are requested to kindly bring their copy of the Annual Report to the Annual General Meeting.

POLYSPIN EXPORTS LIMITED**DIRECTORS' REPORT****To the Members,**

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

Financial Results :

	Year ended 31.03.2009	Year ended 31.03.2008
	Rs.	Rs.
Sales and other Income =====	38,63,25,598	35,74,57,857
Operating Profit (Profit before interest, Depreciation and Tax)	2,86,82,853	2,43,87,638
LESS : Interest	83,05,374	1,07,75,772
Profit before Depreciation and Tax	2,03,77,479	1,36,11,866
LESS : Depreciation	77,37,087	65,58,141
Profit before Tax	1,26,40,392	70,53,725
Surplus Brought forward from previous year	4,75,600	1,02,735
Add : Provision for Tax-Deferred	4,58,000	3,50,000
	1,35,73,992	75,06,460
Less: Provision for Taxation-Current	50,20,000	27,00,000
Provision for Fringe Benefit Tax	72,000	55,000
Profit available for appropriation	84,81,992	47,51,460
Your directors propose to appropriate the same as follows		
Proposed Dividend	32,00,000	28,00,000
Tax on Proposed Dividend	5,43,840	4,75,860
Transfer to General Reserve	40,00,000	10,00,000
Balance carried over to Balance Sheet	7,38,152	4,75,600
	84,81,992	47,51,460

DIVIDEND :

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

This Dividend is not taxable in the hands of the Members. However Tax on the Dividend amounting to Rs.5.44 Lakhs would be paid by the Company.

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

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

	Year ended <u>31.03.2008</u>	Year ended <u>31.03.2009</u>
Production (Kgs)	30,88,021	27,39,919
Sales (Kgs)	31,44,498	27,44,272

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

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

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

AWARDS :

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

DEPOSITS :

The total amount of deposits as on 31st March, 2009 was Rs.146.33 Lakhs. The company has no overdue deposits.

ENERGY CONSERVATION / TECHNOLOGY ABSORPTION / FOREIGN EXCHANGE :

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

ENERGY CONSERVATION :

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

TECHNOLOGY ABSORPTION :

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

POLYSPIN EXPORTS LIMITED**FOREIGN EXCHANGE EARNINGS AND OUTGO :**

The outgo of foreign exchange during the year is Rs.1070.65 Lakhs. The foreign exchange earnings during the year is Rs.3522.62 Lakhs.

PARTICULARS OF EMPLOYEES :

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

RESPONSIBILITY STATEMENT :**The Directors confirm :**

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

DIRECTORS :

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

AUDITORS :

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

REPORT ON CORPORATE GOVERNANCE :

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

ACKNOWLEDGEMENT :

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

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

On Behalf of the Board,
For POLYSPIN EXPORTS LIMITED,

Place : Rajapalayam
Date : 03.07.2009

A.RAMMOHAN RAJA
Managing Director

R.RAMJI
Joint Managing Director

REPORT ON CORPORATE GOVERNANCE

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

I. BOARD OF DIRECTORS

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

The Board consists of Eight Directors:

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

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

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

POLYSPIN EXPORTS LIMITED**II. BRIEF RESUME OF THE DIRECTORS SEEKING REAPPOINTMENT :**

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

III. AUDIT COMMITTEE :

Terms of Reference :

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

The Audit Committee met five times during the financial year on 30.04.2008, 16.06.2008, 31.07.2008, 24.10.2008 & 30.01.2009

IV. SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE :

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

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

No. of shareholders queries/complaints received during 2008-09	-	68
No. of Complaints /queries not solved to the satisfaction of Shareholders	-	Nil
No. of Pending Share Transfer	-	Nil
No. of Pending Change of Address	-	Nil

V. REMUNERATION COMMITTEE :

A Remuneration Committee under the provisions of Schedule XIII of the Companies Act, 1956 and the Listing Agreement has been constituted with the three Non-executive /

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Independent Directors, namely Sri.K.Lakshminarayanan, Sri.P.K.Ramasubramanian and Sri.A.Thiruppathy Raja as members. Sri P.S.Ramanathan is the Secretary of the committee. Based on the approval accorded by the Remuneration Committee, the Board of Directors determine the Remuneration payable to the Managing Director which is subject to the approval of the shareholders.

VI. REMUNERATION OF DIRECTORS :

- 1) Details of Remuneration paid to the Managing Director during the year 2008-09 are given below :

<u>Name and Designation</u>	<u>Salary & Perquisites</u> <u>(Rupees in Lakhs)</u>
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Sri.A.Rammohan Raja, Managing Director	12.21
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No Commission has been paid to the Managing Director, though he is eligible.

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

VII. Disclosure of Shareholding of Non-Executive Directors :

Name of the Non-Executive Directors	No. of Shares
1) Sri. K. LAKSHMINARAYANAN	7,500
2) Sri. S.R. SUBRAMANIAN	24,600
3) Sri. P.K. RAMASUBRAMANIAN	3,000
4) Sri. A. THIRUPPATHY RAJA	500
5) Sri. S. SHANKAR	1,500
6) Sri. S.V. RAVI	6,300

VIII. Disclosure of Relationship of the Directors :

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

IX. WHISTLE BLOWER POLICY :

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

X. RISK MANAGEMENT

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

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