

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, <i>Managing Director</i> SHRI K. LAKSHMINARAYANAN SHRI S.R. SUBRAMANIAN SHRI S. RENGANATHAN SHRI A. THIRUPPATHY RAJA SHRI S. SANKAR 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

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 Rs.	Year ended 31.03.2011 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 of 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	----