

POLYSPIN EXPORTS LTD

RAJAPALAYAM



Annual Report
2015 - 2016



Founder

Sri. A.RAMMOHAN RAJA

BOARD OF DIRECTORS	:	SHRI R. RAMJI, <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 SMT. DURGA RAMJI
SECRETARY	:	SHRI P.S. RAMANATHAN B.Com., B.L., A.C.S.
AUDITORS	:	M/s. KRISHNAN AND RAMAN, CHARTERED ACCOUNTANTS, RAJAPALAYAM.
SECRETARIAL AUDITOR	:	SHRI. B. SUBRAMANIAN PRACTISING COMPANY SECRETARY FLAT No.: 1, PRITHVI APARTMENTS, 7/4, SEETHA NAGAR, SECOND STREET, NUNGAMBAKKAM, CHENNAI - 600 034.
BANKERS	:	CITY UNION BANK LTD. RAJAPALAYAM
REGISTERED OFFICE	:	351, P.A.C.R. SALAI, RAJAPALAYAM - 626 117.
CORPORATE IDENTIFICATION NUMBER	:	L51909TN1985PLC011683
E-MAIL	:	pelpack@vsnl.net
PHONE NO	:	04563 - 221554 / 284503
FAX	:	04563 - 284505
WEBSITE	:	www.polyspin.org
ADMINISTRATIVE OFFICE	:	1, RAILWAY FEEDER ROAD, CHOLAPURAM SOUTH - 626 139. RAJAPALAYAM.
LISTED STOCK EXCHANGE	:	BOMBAY STOCK EXCHANGE
REGISTRAR & TRANSFER AGENTS	:	M/S. INTEGRATED ENTERPRISES (INDIA) LTD., 2ND 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.

CIN : L51909TN1985PLC011683

NOTICE:

Notice is hereby given that **the Thirtyfirst Annual General Meeting** of the members of the company will be held at 9.30 A.M. on **Thursday, the 15th September, 2016**, at Sri Arjuna Manthiram, No. 21 / 595, Sri Krishna Colony, P.A.C.R. Salai, Rajapalayam, to transact the following business.

ORDINARY BUSINESS :

1. Financial Statements and Reports:-

To consider and pass the following Resolution, as an ORDINARY RESOLUTION:

Resolved that the Balance Sheet as at 31st March, 2016, Statement of Profit and Loss account for the year ended on that date, the Cash Flow Statement for the year ended on that date, the Director's Report and the Auditor's Report thereon, be and are hereby considered and adopted.

2. Dividend :-

To consider and pass the following Resolution, as an ORDINARY RESOLUTION:

"RESOLVED that a Dividend of Rs.1.20 per Share, be and is hereby declared for the year ended 31st March, 2016."

3. Re-appointment of Director:-

To consider and if thought fit, to pass with or without modification, the following as an ORDINARY RESOLUTION:

Resolved that Smt. Durga Ramji, (DIN. 00109397), Director of the Company, who retires by rotation at the ensuing Annual General Meeting, be and is hereby appointed as Director of the Company, liable to retire by rotation.

4. Statutory Auditors :-

To consider and pass the following Resolution, as an ORDINARY RESOLUTION:

"RESOLVED that pursuant to the provisions of Section 139 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder, the appointment of M/s. Krishnan & Raman, Chartered Accountants, (Firm Registration No.: 001515S) as Auditors of the Company for the third consecutive year, viz. from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting, out of their term of three consecutive years as approved at the Annual General Meeting held on 03.09.2014, be and is hereby ratified."

By order of the Board,

P.S. Ramanathan
Secretary

Place : Rajapalayam
Date : 29.07.2016

NOTES:

- The Register of members and the share transfer books of the Company will remain closed from 09.09.2016 to 15.09.2016 (both days inclusive) for annual closing for the purpose of determining the members eligible for dividend.**
- 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 15.09.2016 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 08.09.2016.
- 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
31.03.2009	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
31.03.2012	10%	17.09.2012	16.09.2019	15.10.2019
31.03.2013	10%	23.09.2013	22.09.2020	21.10.2020
31.03.2014	12%	03.09.2014	02.09.2021	01.10.2021
31.03.2015	12%	29.09.2015	28.09.2022	27.10.2022

- A member entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend and vote instead of himself and the proxy need not be a member of the company.** A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights.

The Proxy form should be lodged with the company atleast 48 hours before the scheduled commencement of the meeting.

Revenue stamp should be affixed on the Proxy Form. Forms which are not stamped are liable to be considered invalid. It is advisable that the Proxy holder's signature may also be furnished in the Proxy Form, for identification purpose.

5. Members are requested to kindly bring their copy of the Annual Report to the Annual General Meeting.
6. 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.
7. The Securities & Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Member holding shares in electronic mode are requested to submit their PAN to the depository participants with whom they maintain their demat account. Members holding shares in physical form are requested to submit their PAN to the company.
8. **Electronic copy of the Notice of the 31st Annual General Meeting of the company inter-alia indicating the process and manner of e-voting along with Attendance slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company / Depository participant(s) for communication purpose unless any member has requested for a hard copy of the same. For members who have not registered email address, physical copies of the Notice of the 31st Annual General Meeting of the company inter-alia indicating the process and manner of e-voting along with attendance slip and proxy form is being sent in the permitted mode.**
9. **Members may also note that the Notice of the 31st Annual General Meeting and the Annual Report for 2015 – 16 will also be available on the Company's website www.polyspin.org for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in Rajapalayam for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the shareholders may also write to the Company's email id: polyspinexportscs@gmail.com**

10. Voting through electronic means:

- a. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, and Regulation 44 of SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015 (LODR), the Company is pleased to provide members facility to exercise their right to vote at the 31st Annual General Meeting by electronic means and the business may be transacted through e-voting service provided by National Securities Depository Limited (NSDL).
- b. Remote e-voting means the facility of casting votes by a member using electronic voting system from a place other than the venue of Annual General Meeting.
- c. The facility for voting through ballot paper shall be made available at the meeting and members attending the meeting who have not already cast their votes by remote e-voting shall be able to exercise their right at the meeting. Members who have already cast their votes through remote e-voting can attend the Annual General Meeting but cannot vote again.

The instructions for remote e-voting are as under:

- A. In case a Member receives an e-mail from NSDL (for Members whose e-mail addresses are registered with the Company/Depositories):
 - i. Open the e-mail and also open PDF file namely "Polyspin Exports Limited e-voting. PDF" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password for e-voting. Please note that the password is an initial password.
 - ii. Open the internet browser and type the following URL: <https://www.evoting.nsdl.com>.
 - iii. Click on Shareholder – Login
 - iv. If you are already registered with NSDL for e-voting then you can use your existing user ID and password.
 - v. If you are logging in for the first time, please enter the user ID and password provided in the PDF file attached with the e-mail as initial password.
 - vi. The Password Change Menu will appear on your screen. Change to a new password of your choice, making sure that it contains a minimum of 8 digits or characters or a combination of both.

Please take utmost care to keep your password confidential.
 - vii. Once the e-voting home page opens, click on e-voting> Active Voting Cycles.

viii. Select "EVEN" (E-Voting Event Number) of Polyspin Exports Limited as appearing in the Attendance Slip.

Now you are ready for e-voting as Cast Vote page opens.

ix. Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.

x. Upon confirmation, the message "Vote cast successfully" will be displayed.

xi. Once the vote on the resolution is cast, the Member shall not be allowed to change it subsequently.

xii. Institutional shareholders (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned copy (PDF/JPG format) of the relevant Board Resolution / Authority letter, etc., together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to subra1152@gmail.com with a copy marked to evoting@nsdl.com

xiii. In case of any queries, you may refer the Frequently Asked Questions (FAQs) - Shareholders and e-voting user manual - Shareholders, available at the downloads section of www.evoting.nsdl.co.in

B. In case a Member receives physical copy of the Notice of AGM (for Members whose email addresses are not registered with the Company / Depositories):

i. Initial password is provided at the bottom of the attendance slip for the Annual General Meeting:

EVEN (E-Voting Event Number), user ID and password.

ii. Please follow all steps from Sl. No. (ii) to Sl. No. (xiii) above, to cast vote.

C. Other Instructions:

The cut-off date for determining the eligibility for Remote e-voting is fixed as 8th September, 2016.

i. The e-voting period commence on **12th September, 2016 (9.00 A.M)** and ends on **14th September, 2016 (5.00 P.M)**. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 8th September, 2016 may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.

ii. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 8th September, 2016.

iii. Mr. B. Subramanian, Practicing Company Secretary (Membership No. F2152 & C.P. 2275) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

iv. The Scrutinizer shall immediately after the conclusion of voting at the Annual General Meeting, first count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the company and make a consolidated Scrutinizer Report of the total votes cast in favour or against, if any, to the Chairman or a person authorized to whom in writing who shall countersign the same.

v. The result shall be declared on or after the Annual General Meeting of the Company. The results declared along with Scrutinizer's Report shall be placed on the Company's website www.polyspin.org and the website of NSDL within two days of passing the resolution at the Annual General Meeting of the company and communicated to the stock exchanges.

vi. In compliance with Regulation 44 of SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015 (LODR), the results of the e-voting shall be submitted to the stock exchange within 48 hours of the conclusion of the AGM. The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.polyspin.org and the website of NSDL.

DETAILS OF THE DIRECTORS SEEKING REAPPOINTMENT (IN PURSUANCE OF CLAUSE 49 OF THE LISTING AGREEMENT)

Item No. 3

Name of Director	: Smt. Durga Ramji
DIN	: 00109397
Date of Birth	: 23.09.1972
Date of appointment on Board	: 28.05.2014
Qualification	: B.Sc.,
Share Holding	: 3,37,189
Directorship held in other company	: M/s. Polyspin Private Limited M/s. Lankaspin Private Limited, Srilanka. M/s. Energyspin Private Limited M/s. Ramji Investments Private Limited
Member of committee	: Nil
Expertise in specific functional area	: Corporate Management

By order of the Board,

Place : Rajapalayam
Date : 29.07.2016

P.S. Ramanathan
Secretary

DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting the Thirtyfirst Annual Report on the working of the company and Audited Accounts for the year ended 31st March, 2016.

	Year ended 31.03.2016	Year ended 31.03.2015
Financial Results	Rs.	Rs.
Sales and other Income	136,46,99,037	144,30,59,650
Operating Profit (Profit before interest, Depreciation and Tax)	10,27,38,217	11,39,40,528
Less : Interest	3,62,43,917	4,30,29,433
Profit before Depreciation and Tax	6,64,94,300	7,09,11,095
Less : Depreciation	2,15,67,705	1,96,53,803
Profit before Tax	4,49,26,595	5,12,57,292
Surplus Brought forward from previous year	23,40,423	28,97,727
Add : Provision for Tax 2009 - 10 (withdrawn)	-----	1,14,873
	4,72,67,018	5,42,69,892
Less: Provision for Taxation-Current	95,84,000	1,43,00,000
Provision for Deferred Tax	62,53,000	36,00,000
Provision for Taxation (earlier years)	-----	2,69,757
Provision for Dividend Tax (2014-15)	17,452	-----
Profit available for appropriation	3,14,12,566	3,61,00,135
Your directors propose to appropriate the same as follows		
Proposed Dividend @ 12%	48,00,000	48,00,000
Tax on Proposed Dividend	9,77,167	9,59,712
Transfer to General Reserve	2,30,00,000	2,80,00,000
Balance carried over to Balance Sheet	26,35,399	23,40,423
	3,14,12,566	3,61,00,135

DIVIDEND

Your Directors are pleased to recommend the payment of **Dividend at Re.1.20 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. 9.77 Lakhs would be paid by the Company.

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

COMPANY PERFORMANCE

During the year under review the performance of your company was moderate. The turnover has decreased from Rs.144 Crores to Rs. 136 Crores. The table below shows comparative figures of production and sales of the company's products in quantity. There has been a marked improvement in the production and sales, quantitywise.

PRODUCTION AND SALES

The Production and Sale of the Company's products, FIBC bags and OE Spinning yarn were as follows :

	Year ended 31.03.2016	Year ended 31.03.2015
	Quantity (Kgs.)	Quantity (Kgs.)
1. Production		
1) FIBC Bags & PP Woven Bags	62,20,520	59,81,687
2) PP Woven Fabrics	1,17,173	41,004
3) PP Yarn	12,13,348	9,07,742
4) Paper Bags	64,466	50,285
5) Cotton Yarn & Fabric	23,09,988	24,73,092
2. Sales		
1) FIBC Bags & PP Woven Bags	63,32,535	59,72,835
2) PP Woven Fabrics	1,17,173	41,004
3) PP Yarn	12,13,348	9,07,742
4) Paper Bags	57,197	51,425
5) Cotton Yarn & Fabric	23,34,830	24,49,668

Products exported from India increased 1.27% in June to \$ 22.57 billion after declining for 18 straight months. Imports were 7.33 lower narrowing the trade deficits. The outlook is not clear for the time being in view of Brexit. Some companies have declared benefits and some have expressed apprehension. However, our company is not likely to have any impact. Many Economic strategists have predicted increase in all fronts of development both Domestic and International.

The price of crude oil has fallen and correspondingly our raw material price has also fallen. But the profitability has not changed much though there has been a decrease. As against 6981 Tons exported during the year 2014 – 15, the exports of the company's product for the year 2015 – 16 is 7615 Tons. The increase is 634 Tons and 9.08%. The company has taken steps to maintain profitability. The company has implemented policies and actions to increase the quantum of exports. Consequently, constant up-gradation and expansion facilities both quantity and quality wise are in progress. Taking into account the specific requirement of customer, your company has constantly performed well and shall continue to do so.

The cotton yarn production and sales were severely affected due to the certain problems which are present in our country with respect to cotton and yarn. The total sales were 2449 Tons for the year 2014 – 15 as against 2334 Tons for the year 2015 – 16. It is expected that subject to favorable economic condition, the prospects for the current year is likely to be better.

BOARD OF DIRECTORS

Smt. Durga Ramji, Director, retires by rotation at the forthcoming Annual General Meeting, and being eligible offers herself for reappointment.

Declaration by Independent Directors: - The Independent Directors of the company have declared that they meet the criteria of Independence in terms of Section 149 (6) of the Companies Act, 2013, and that there is no change in their status of Independence.

Policy of Directors Appointment and remuneration: - In accordance with Section 178(3) of the Companies Act, 2013 and based upon the recommendation of the Nomination and Remuneration Committee, the Board of Directors have approved a policy relating to appointment and remuneration of Directors, Key Managerial Personnel and Other Employees. The objective of the Nomination and Remuneration Policy is to ensure that the level and composition of remuneration is reasonable, the relationship of remuneration to performance is clear and appropriate to the long term goals of the Company. The policy also envisages and takes into account the total involvement with dedication and human touch.

None of the Director is disqualified under Section 164 of the Companies Act, 2013.

BOARD EVALUATION

Pursuant to Section 134 (3) (p) of the Companies Act, 2013, and Regulation 25(4) of LODR, Independent Directors have evaluated the quality, quantity and timeliness of the flow of information between the Management and the Board, performance of the Board as a whole and its Members and other required matters. Pursuant to Schedule II Part D of LODR, the Nomination and Remuneration Committee has laid down evaluation criteria for performance evaluation of Independent Directors, which will be based on attendance, expertise and contribution brought in by the Independent Director at the Board Meeting, which shall be taken into account at the time of reappointment of Independent Director.

MEETINGS

During the year, Five Board Meetings were held. The details of the Meetings of the Board and its various Committees are given in the Corporate Governance Report.

ORDERS PASSED BY REGULATORS

Pursuant to Rule 8(5)(vii) of Companies (Accounts) Rules, 2014, it is reported that no significant and material orders have been passed by the Regulators or Courts or Tribunals, which would impact the going concern status of the company.

INTERNAL FINANCIAL CONTROLS

The Company has implemented and evaluated the Internal Financial Controls which provide a reasonable assurance in respect of providing financial and operational information, complying with applicable statutes and policies, safeguarding of assets, prevention and detection of frauds, accuracy and completeness of accounting records. The Directors and Management confirm that the Internal Financial Controls (IFC) are adequate with respect to the operations of the Company.

INTERNAL AUDIT :

Sri. P.S. Ramanathan, the Internal Auditor, submits Quarterly reports to the audit committee which are reviewed periodically by Audit Committee as well as by the Board. Further, the Board annually reviews the effectiveness of the Company's internal control and audit system.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Pursuant to Section 186(4) of the Companies Act, 2013, it is reported that the Company has not given any loans, guarantees and no investments has been made in bodies corporate or firm.

REPORT ON CORPORATE GOVERNANCE:

The Company has complied with the requirements of Corporate Governance as stipulated in Listing obligations and Disclosure Requirements. A report on Corporate Governance is annexed herewith and it forms part of the Directors Report as per Annexure – I as required under Schedule V (C) of LODR. A certificate from the Secretarial Auditor confirming compliance is also attached as Annexure -II, as required under Schedule V (E) of LODR. The code of conduct as approved by the board is provided in the above annexure and website.

CORPORATE SOCIAL RESPONSIBILITY

Company has taken corporate social responsibility initiatives. The Committee comprising one Independent Director and two directors has been constituted as CSR Committee to develop CSR policy and implement the CSR initiatives whenever it is applicable to the Company.

The company has contributed Rs.1,30,000/- to healthcare projects. There are certain other projects which have been identified and depending upon their implementation and fulfillment, balance contribution will be made in due course. The material disclosure is made in Annexure – III.

AUDITORS :

M/s. Krishnan & Raman, Chartered Accountants, were appointed as Auditors of the company for a period of three years by the members of the company in the Annual General Meeting held on 03.09.2014. The appointment for the year 2016 – 2017 is to be ratified by the member at the ensuing Annual General Meeting. The Audit Committee considered their eligibility under provisions of Companies Act, 2013. The Auditors have confirmed their eligibility for their reappointment, under Section 141 of the Companies Act, 2013.

COST AUDITORS:

As per provisions of Section 148 of the Companies Act, 2013 and the Companies (Cost Records and Audit) Rules, 2014, the Government has not notified the products of our company to which the Cost Audit would be applicable. Hence, the Cost Audit was not conducted for your company for the financial year 2015 – 16.

SECRETARIAL AUDITOR

Pursuant to Provisions of Section 204 of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, Your company has appointed Mr. B. Subramanian, Company Secretary in Practice, Chennai, to conduct the Secretarial Audit of the Company for the Financial year ended 31st March, 2016.

The Secretarial Audit Report (in Form MR – 3) is attached as Annexure – IV to this report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The information required under Section 134(3) (m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014, regarding Conservation of Energy, Technology Absorption, Foreign Exchange earnings and outgo are given in Annexure - V to this report.

EXTRACT OF ANNUAL RETURN

The details regarding extract of Annual Return in Form No: MGT-9 pursuant to Section 92 of Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, is annexed herewith as Annexure - VI.

WOMEN AT WORK PLACE

The company has constituted an Anti-Sexual Harassment Policy in line with the requirements of the sexual harassment of Women at the work place (Prevention, Prohibition and Redressal) Act, 2013. Internal complaints committee (ICC) has been set up to redress complaints received regarding sexual harassment. During the year, the company has not received any complaints of harassment.

VIGIL MECHANISM / WHISTLE BLOWER POLICY

In accordance with Section 177(9) and (10) of the Companies Act, 2013 and Regulation 22 of the LODR, the Company has established a Vigil Mechanism and has a Whistle Blower Policy. The policy is available at the Company's website.

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.

RISK MANAGEMENT POLICY

Company has developed and implemented a risk management policy, as required under Regulation 17(9) of LODR and Pursuant to Section 134(3)(n) of the Companies Act, 2013. A committee of the Board named as Risk Management Committee has been formed by the Board to address and evaluate various risks impacting the Company, in practice with reference to the forex and interest rate. At present the board has not identified any element of risk which may threaten the existence and development of the company.

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. Necessary inputs are provided to the Audit Committee on a monthly basis. The production and sales are monitored and any deviation from the projected is identified, solution found and necessary rectifications are done periodically.

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.

MATERIAL CHANGES AND COMMITMENTS

No Material changes and commitments, affecting the financial position of the Company has been occurred between the end of the financial year 2015-16 and till the date of this report.

PERSONNEL

The information required pursuant to Section 197 of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company and Directors are annexed as Annexure - VII and forms part of this Report.

RELATED PARTY TRANSACTIONS:

There were no materially significant related party transactions which could have potential conflict with the interests of the Company. Transactions with related parties are in the ordinary course of business on arm's length and are periodically placed before the Audit Committee and Board for its approvals and Form AOC-2 is enclosed as Annexure- VIII. An omnibus approved by the Audit committee is granted with reference to each party and the ceiling amount. Since the transactions are at an arm's length basis, there is no significance.

The Board of Directors of the Company has, on the recommendation of the Audit Committee, adopted a policy to regulate transactions between the Company and its Related Parties, in compliance with the applicable provisions of the Companies Act, 2013, the Rules thereunder and the Listing Agreement. This Policy was considered and approved by the

Board, which has been uploaded on the website of the Company.

HUMAN RESOURCES

Your company treats its "human resources" as one of its most important assets. Your company enjoys a very cordial relationship with workers and employee at all levels.

Your company continuously invest in attraction, retention and development of talent on an ongoing basis. A number of programs that provide focused attention are currently underway. Your company thrust is on the promotion of talent internally through job rotation and job enlargement.

TRANSFER OF AMOUNT TO INVESTOR EDUCATION AND PROTECTION FUND

Pursuant to the provisions of the Investor Education Protection Fund (uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the company has already filed the necessary form and uploaded the details of unpaid and unclaimed amounts lying with the company, as on the date of last AGM 29th September, 2015 with the Ministry of Corporate Affairs. An amount of Rs. 3,07,534.40 unclaimed dividend pertaining to the year 2009 will be transferred to the IEP Fund before 20.09.2016.

CODE OF CONDUCT

The Board has laid down the code of conduct for Directors of the company and senior management personnel.

The Directors shall follow in letter and spirit the provisions as contained in section 166 of the Companies Act, 2013. They shall also follow general principles of pillars of character. The same with certain variation involving their nature of work applies to the senior management personnel. All the directors of the board and senior management personnel have confirmed the compliance with the code.

INSIDER TRADING

The company has formulated and implemented the code of conduct for prevention of insider trading with regard to the securities by directors and designated person of the company as per SEBI (Prohibition of Insider Trading) Regulations, 2015.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Companies Act, 2013, the Directors confirm that

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) they had selected such accounting policies and applied them consistently and made judgments 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 and loss of the company for that period;
- (c) they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) they had prepared the annual accounts on a going concern basis;
- (e) they had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and
- (f) they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

ACKNOWLEDGEMENT

Your Directors wish to take this opportunity to place on record their gratitude and sincere appreciation for the timely and valuable assistance and support received from Bankers – City Union Bank, Share Transfer Agents, Customers, Suppliers, Share Holders and Regulatory Authorities.

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

On Behalf of the Board,
For POLYSPIN EXPORTS LIMITED,

Place : Rajapalayam
Date : 29.07.2016

S.V. RAVI
Director

R.RAMJI
Managing Director