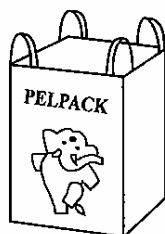


POLYSPIN EXPORTS LTD

(100% EXPORT ORIENTED UNIT)

RAJAPALAYAM



Twenty Sixth Annual Report and Balance Sheet
as at 31st March, 2011

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. 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 Sixth Annual General Meeting** of the members of the company will be held at 9.30 A.M. on **Monday, the 5th Sept, 2011**, at Sri Arjuna Manthiram, No.12, 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, 2011, 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 S. Sankar who retires by rotation and being eligible offers himself for re-election.
4. To appoint a Director in place of Sri S.V. Ravi 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 a Special resolution.

"RESOLVED that in accordance with the provisions of Sec 269 read with Schedule XIII and other applicable provisions of the Companies Act, 1956, Sri.R.Ramji, Director of the Company be and is hereby appointed as Joint Managing Director of the Company to perform and carry out the functions jointly with the Managing Director for a period of Five years with effect from 29th July, 2011, and such appointment shall not carry any remuneration.

7. To consider and if thought fit, to pass with or without modification, the following resolution as an ordinary resolution.

"RESOLVED that the consent of the company be and is hereby accorded in terms of section 293 (1) (d) and other applicable provisions, if any, of the Companies Act, 1956 to the Board of Directors of the Company for borrowing from time to time any sum or sums of monies which together with the monies already borrowed by the company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the Paid-up Capital of the company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total amount so borrowed shall not exceed Rs. 50 Crores."

By order of the Board,

Place : Rajapalayam
Date : 29.07.2011

P.S. Ramanathan
Secretary

POLYSPIN EXPORTS LIMITED

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 27.08.2011 to 05.09.2011 (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 5.9.2011 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 26th Aug, 2011
- (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
31.03.2004	8%	24.09.2004	23.09.2011	22.10.2011
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

A sum of Rs. 1,70,718/- representing unpaid dividends for the year 31.03.2003 has been transferred to the Investor Education and Protection Fund on 01.10.2010 as required under 205A of the Companies Act, 1956. Shareholders who have not collected the dividends for the year 31.03.2004 are requested to collect the same before 20.10.2011, after which the amount will be transferred to IEP Fund.

POLYSPIN EXPORTS LIMITED

- (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 R. RAMJI, Director of the Company is assisting the Managing Director in the day today affairs of the company. He has been instrumental for the good performance of the company for all these years. It is proposed to appoint him as Joint Managing Director of the Company to enable a better representation at various levels. However no remuneration is payable to him.

Sri. R. RAMJI has been a Director of the Company from 25.09.1991

Your Directors recommend the resolution for your approval.

None of the Directors except Sri. A. Rammohan Raja, Sri. R. Ramji and Sri. S.V. Ravi are interested in this resolution.

Information required to be provided as per the provisions of para (IV), (B) under Section II, Part II, of schedule XIII of companies Act, 1956.

I. GENERAL INFORMATION :

- 1. Nature of Industry : Manufacturing
- 2. Date or Expected Date of Commercial Production : 1) PP Woven FIBC Bags - Already Under Production.
2) Open End Spinning Yarn 31.03.2012
- 3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus : Not Applicable.

POLYSPIN EXPORTS LIMITED

4. Financial performance :		Rupees in lakhs.		
Particulars		2008-09	2009-10	2010-11
Sales	:	3863.25	3517.41	4497.69
Profit before interest & Depreciation	:	286.83	323.56	527.92
Profit after interest & Depreciation	:	126.40	189.32	250.91
Profit after Tax	:	80.06	99.87	146.41
Dividend	:	32.00 (8%)	40.00 (10%)	40.00 (10%)
Networth	:	668.38	721.45	824.09
EPS (Rs.)	:	2.00	2.50	3.66

5. Export performance and net foreign exchange earnings :		Rupees in lakhs.		
Particulars		2008-09	2009-10	2010-11
Exports - earnings in foreign exchange	:	3522.62	3110.82	4060.75
Foreign exchange out flow	:	1070.65	1521.44	2514.08

II. INFORMATION ABOUT THE APPOINTEE :

1. Background : 20 years experience in woven sack industry.
2. Past remuneration : No remuneration has been paid.
3. Recognition or awards : For Export Performance and Safety to the Company.
4. Job profile and his suitability :
 1. Assistance to the Managing Director
 2. Sustained Growth
 3. Stability
 4. Development
 5. Export Marketing
 6. Enhancing share value
 7. Increase in turn over
 8. Consistent Dividend
 9. Diversification into new products.
5. Remuneration proposed
 No remuneration is proposed to be paid. There are no other pecuniary relationship. No sitting fees is paid. Except Sri. A. RAMMOHAN RAJA, Sri. R. RAMJI & Sri. S.V. RAVI, none of the other directors have any relationship.

III. OTHER INFORMATION :

None applicable

IV. DISCLOSURES :

Necessary disclosures are made in the directors report under " Corporate Governance".

Item no.7

Section 293 (1) (d) of the Companies Act, 1956 requires consent of the company in General Meeting for borrowing monies (apart from temporary loans obtained from the companies bankers in the ordinary course of business) in excess of the Paid-Up Capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose.

POLYSPIN EXPORTS LIMITED

In view of the expanding activities of the company, and for the establishment of a new unit to manufacture "Open End Spinning Yarn" the consent of the Shareholders is sought to enable directors to enhance the present borrowing limit of the Company to Rs.50 Crores (The previous limit of Rs.15 Crores was permitted at the Annual General Meeting held on 31st August, 1994) excluding temporary loans obtained from the company's bankers in the ordinary course of business.

Hence the resolution.

None of the Directors may be regarded as concerned or interested in this item of business.

By order of the Board,

Place : Rajapalayam
Date : 29.07.2011

P.S. Ramanathan
Secretary

POLYSPIN EXPORTS LIMITED

DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting the Twenty Sixth Annual Report on the working of the company and Audited Accounts for the year ended 31st March, 2011

Financial Results

	Year ended 31.03.2011 Rs.	Year ended 31.03.2010 Rs.
Sales and other Income	44,97,69,354	35,17,40,689
=====	=====	=====
Operating Profit (Profit before interest, Depreciation and Tax)	5,27,92,291	3,23,55,985
LESS : Interest	1,65,60,552	62,72,958
Profit before Depreciation and Tax	3,62,31,739	2,60,83,027
LESS : Depreciation	1,11,40,953	71,51,151
Profit before Tax	2,50,90,786	1,89,31,876
Surplus Brought forward from previous year	20,45,228	7,38,152
Add : Provision for Tax-Deferred	----	2,55,000
Excess Depreciation withdrawn relevant to previous year	2,87,219	----
	2,74,23,233	1,99,25,028
Less: Provision for Taxation-Current / MAT	50,00,000	92,00,000
Provision for Deferred Tax	54,50,000	----
Profit available for appropriation	1,69,73,233	1,07,25,028
	=====	=====
Your directors propose to appropriate the same as follows		
Proposed Dividend @ 10%	40,00,000	40,00,000
Tax on Proposed Dividend	6,64,360	6,79,800
Transfer to General Reserve	1,00,00,000	40,00,000
Balance carried over to Balance Sheet	23,08,873	20,45,228
	1,69,73,233	1,07,25,028
	=====	=====

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.6.64 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>31.03.2010</u>	Year ended <u>31.03.2011</u>
Production (Kgs)	26,29,906	33,45,085
Sales (Kgs)	26,69,711	32,73,274

The Global economy continues to recover but with minor setback. The recovery is also uneven. Inspite of the fact that the growth rate is higher in India and other developing countries and low in Europe and USA, Your company was able to achieve a better performance in the export market.

This is mainly due to the adoption of certain strategy in the Export market. Constant upgradation of quality and effecting timely supplies has made the company to perform well even against the existence of many hurdles.

Your company remains cautiously optimistic and constantly adopting positive approaches. The commodity inflation particularly oil, the source of raw material for your company's products remains a cause of concern.

EXPANSION

The expansion of the existing production facilities has been completely implemented. The full effect will be reflected in the financial year 2011-2012. The capacity has been increased from 2400 tons per annum to 5500 tons per annum.

OVERSEAS OPERATIONS - POLYSPIN USA INC., USA.

Performance of the Company's Wholly Owned USA Subsidiary during the year under review, recorded improvements in terms of sales.

The Net sales were USD 249,539/- (INR 112.29 Lakhs) as against USD 54,361/- (INR 24.46 Lakhs) during the corresponding previous year.

The Company expects the substantial improvements in terms of Sales and Profitability during the Current year.

DIVERSIFICATION

After a very careful in depth study of the market conditions of "Open End Spinning yarn", both domestic and overseas, your company has started the establishment of a new unit to manufacture Open End Spinning yarn under the name and style "PEL TEXTILES" (A division of Polyspin Exports Ltd.) The presence of the company in about 15 countries around the world is

POLYSPIN EXPORTS LIMITED

crucial advantage. Necessary infrastructure facilities is being created for producing 1800 tons per year at total cost of Rs.10 crs. The entire project cost will be financed by internal accruals and Bank finance.

Except for unforeseen circumstances, the project will be implemented before the end of this financial year. The impact is likely to be reflected partially in this financial year and fully in the financial year 2012-13.

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 Statement of the Subsidiaries subject to certain conditions being fulfilled.

The Annual accounts of the Subsidiary Company Polyspin USA Inc. and the related information shall 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.

DEPOSITS

The total amount of deposits as on 31st March, 2011 was Rs.120.49 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.2514.08 Lakhs. The foreign exchange earnings during the year is Rs. 4060.75 Lakhs.

POLYSPIN EXPORTS LIMITED

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.

DIRECTORS

Sri. S. Sankar and Sri. S.V. Ravi, 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 : 29.07.2011

R.RAMJI
Joint Managing Director

A.RAMMOHAN RAJA
Managing Director

POLYSPIN EXPORTS LIMITED

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 2011

Sl. No.	Name	Designation	Remuneration received		Qualification
			Gross Rs.	Net Rs.	
1.	Sri A. Rammohan Raja	Managing Director	25,58,782 /-	19,31,982 /-	B.Sc.,

Experience (Years)	Date of Commencement of Employment	Age	Last Employment held
21 Years	29.03.1985	67 Years	----

POLYSPIN EXPORTS LIMITED

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	1	3
2) Sri. K. LAKSHMI NARAYANAN	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. SANKAR	- do -	—	2
7) Sri. S.V. RAVI	Non-Executive	1	2
8) Sri. R. RAMJI	Executive Joint Managing Director	1	1

Six Meetings of the Board of Directors of the Company was held during the year 2010-2011 on 26.04.2010, 05.07.2010, 26.07.2010, 03.09.2010, 15.10.2010 and 20.01.2011.

Name of the Directors	Attendance at the Board Meeting	Attendance at Last AGM
1) Sri. A. RAMMOHAN RAJA	6	Yes
2) Sri. K. LAKSHMI NARAYANAN	6	No
3) Sri. S.R. SUBRAMANIAN	6	Yes
4) Sri P.K. RAMASUBRAMANIAN	5	Yes
5) Sri. A. THIRUPPATHY RAJA	6	Yes
6) Sri. S. SANKAR	6	Yes
7) Sri. S.V. RAVI	6	Yes
8) Sri. R. RAMJI	6	Yes

POLYSPIN EXPORTS LIMITED**II. BRIEF RESUME OF THE DIRECTORS SEEKING RE-APPOINTMENT**

Name of the Director	Sri S. Sankar		Sri S.V. Ravi	
Age (Years)	54		52	
Date of Appointment	06.07.2001		27.11.1992	
Expertise in specific functional area	Chartered Accountant and Managing Consultant		Industrialist	
Qualification	F.C.A.,		B.A.,	
List of outside Directorship held	PUBLIC	PRIVATE	PUBLIC	PRIVATE
	---	2	1	2
Chairman / Member of the Committee of the Board of Directors of the company	Audit Committee (Member)		Audit 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 four times during the financial year on 26.04.2010, 26.07.2010, 15.10.2010 and 20.01.2011.

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 26.04.2010, 26.07.2010, 15.10.2010 and 20.01.2011

No. of shareholders queries/complaints received during 2010-11	-	81
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 /

POLYSPIN EXPORTS LIMITED

Independent Directors, namely Sri.K.Lakshmi Narayanan, 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 2010-11 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	25.59
--	-------

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

No Stock option is provided.

- 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. LAKSHMI NARAYANAN	7,500
2) Sri. S.R. SUBRAMANIAN	68,500
3) Sri. P.K. RAMASUBRAMANIAN	3,000
4) Sri. A. THIRUPPATHY RAJA	500
5) Sri. S. SANKAR	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.

POLYSPIN EXPORTS LIMITED

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.

XI. 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**

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.22 Point No.6 Notes forming part of the accounts.

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**

XII. GENERAL BODY MEETING

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

Date	Venue	Time
11.08.2008	Sri Arjuna Manthiram, Rajapalayam	9.30 A.M
22.08.2009	- do -	9.30 A.M
03.09.2010	- 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.

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

XIV. MANAGEMENT DISCUSSION AND ANALYSIS

The matters that are required to be discussed as per the Listing Agreement in respect of Management Discussion and Analysis has been stated in the Directors Report.

XV. SHAREHOLDERS INFORMATION :

1. FINANCIAL CALENDER : Year ended March 31, 2011
2. ANNUAL GENERAL MEETING : TWENTY SIXTH
3. DATE & TIME : 5th Sept. 2011 - 9.30 A.M.
4. VENUE : Sri Arjuna Manthiram,
No. 12, Sri Krishna Colony,
P.A.C.R. Salai, Rajapalayam - 626 117.
5. DATE OF BOOK CLOSURE : 27.08.2011 to 05.09.2011
(Both days inclusive)
6. LAST DATE FOR RECEIPT OF PROXY FORM : 3rd Sept. 2011 - 9.30 A.M.
7. DIVIDEND PAYMENT DATE : Date of AGM
8. LISTED STOCK EXCHANGE : The Madras Stock Exchange, Chennai.

The Company has paid Annual Listing fee
to the above Stock Exchange for the
financial year 2011 - 2012
9. The company's Shares are permitted for trading in Bombay Stock Exchange under
INDONEXT Platform with effect from 15.05.2006
10. STOCK CODE : 1. BSE - 590055 2. MSE - PSK
(INDONEXT)

11. STOCK PRICE PERFORMANCE

The Share price movement in Bombay Stock Exchange is given below.

Month		High (Rs.)	Low (Rs.)
April	2010	18.45	14.45
May	2010	16.50	13.05
June	2010	16.44	12.56
July	2010	17.19	13.32
August	2010	18.75	14.15
September	2010	18.95	16.00
October	2010	25.50	16.35
November	2010	22.95	19.95
December	2010	22.35	17.30
January	2011	22.50	18.55
February	2011	22.00	17.25
March	2011	20.25	17.20

Source : BSE website

Note : There is no trading in Madras Stock Exchange.

POLYSPIN EXPORTS LIMITED

12. SHARE TRANSFER SYSTEM

The Transfers are normally processed within 30 Days from the date of receipt, if the documents are complete in all respects. The Committee consisting of Two Directors Sri. R. Ramji, Sri. S.V. Ravi & Sri. P.S. Ramanathan, Company Secretary are empowered to approve the share transfer.

There are no pending Share Transfer as on 29th July, 2011.

The physical share transfer work has been entrusted with M/s. Integrated Enterprises (India) Ltd., who are the Depository Registrar.

The transfer of shares in Electronic form are processed and approved by NSDL / CDSL through their Depository Participants.

13. DEPOSITORY REGISTRAR

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

- | | | |
|---|---|--|
| 14. NAME OF THE DEPOSITORY | : | National Securities Depository Ltd.
Central Depository Services (India) Ltd. |
| 15. ISIN No. | : | INE914G01011 |
| 16. DEMATERIALISATION OF SHARES AS ON 31.03.2011 | : | A total number of 19,66,010 shares, the face value of which is Rs. 1,96,60,100 have been dematerialised. This forms 49.15 % of the total paidup share capital. |
| 17. INVESTOR CORRESPONDENCE FOR TRANSFER, PAYMENT OF DIVIDEND ON SHARES OR ANY OTHER QUERY RELATING TO THE SHARES OF THE COMPANY | : | REGISTERED OFFICE:
No.351, P.A.C.R.Salai,
Rajapalayam 626 117.
Phone No. 04563 - 221554 |
| 18. NAME AND ADDRESS OF THE COMPLIANCE OFFICER | : | Shri. P.S.Ramanathan, B.Com., B.L., A.C.S.,
Company Secretary,
No.351, P.A.C.R. Salai,
Rajapalayam 626 117.
Phone No. 04563 - 221554 |
| 19. A separate email ID has been created to facilitate the shareholders to redress their grievances
The email ID is : polyspinexportscs@gmail.com | : | |
| 20. PLANT LOCATION | : | No.1, Railway Feeder Road,
Cholapuram South. Rajapalayam. Tamilnadu |

POLYSPIN EXPORTS LIMITED**21. RANGEWISE HOLDINGS**

RANGE		2010 - 2011 No. of Shareholders	2010-2011 (%)	2009-2010 (%)
1	- 500	3942	21.97	22.65
501	- 1000	557	11.57	12.00
1001	- 2000	194	7.46	7.82
2001	- 3000	101	6.39	7.24
3001	- 4000	21	1.83	2.17
4001	- 5000	14	1.66	2.39
5001	- 10000	26	4.65	4.82
10001	- and above	30	44.47	40.91
		4885	100.00	100.00

22. CODE OF CONDUCT

The Board has laid down the Code of Conduct for the Directors of the Company and Senior Management of the Company

Declaration from the Managing Director and Chief Executive Officer.
(Under clause 49 of the Listing Agreement).

To

The Members

As provided under clause 49 of the Listing Agreement with Stock Exchange, the Board Member and the senior management personal have affirmed Compliance with the Company's code of conduct for the year ending 31st March 2011.

For POLYSPIN EXPORTS LIMITED,

Place : Rajapalayam
Date : 29.07.2011

R.RAMJI
Joint Managing Director

A.RAMMOHAN RAJA
Managing Director

CEO / CFO Certification

To
The Board of Directors,
Polyspin Exports Limited,
Rajapalayam.

Certification under Clause 49(v) of the Listing Agreement.

We hereby certify to the Board that:

- a) We have reviewed the financial statements and the Cash flow statements for the year ended 31.03.2011 and to the best of our knowledge and belief;
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable law and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- (c) We accept responsibility for establishing and maintaining internal controls and we have evaluated the effectiveness of the Internal control systems of the Company and have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies if any.
- (d) We have indicated to the auditors and the Audit Committee
 - (i) Significant changes in internal control during the year;
 - (ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (iii) Instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.

R.RAMJI
JOINT MANAGING DIRECTOR

A.RAMMOHAN RAJA
MANAGING DIRECTOR

Place : Rajapalayam
Date : 29.07.2011

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of

Polyspin Exports Limited,

We have examined the compliance of conditions of Corporate Governance by Polyspin Exports Limited, for the year ended on 31st March, 2011 as stipulated in Clause 49 of the Listing Agreement of the Company with Stock Exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied in all material respects with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement, which was required to be complied with upto 31st March, 2011.

We further state that such compliance is neither an assurance as to future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For M/s. **KRISHNAN AND RAMAN**
CHARTERED ACCOUNTANTS

Place : Rajapalayam
Date : 29.07.2011

K.V.RAMAN
PARTNER.

AUDITOR'S REPORT

To the Shareholders,

We have audited the attached Balance Sheet of Polyspin Exports Limited, Rajapalayam as on 31st March 2011 and the Profit & Loss Account for the year ended on that date annexed thereto and Cash Flow Statement for the year ended on that date. 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.

1. 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 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.
2. As required by the Companies (Auditor's Report) order issued by the Central Government of India in terms of Sub-Section 4(A) of Section 227 of the Companies Act, 1956, we enclose in the annexure hereto a statement on the matters specified in paragraphs 4 and 5 of the said order.
3. Further to our comments in the Annexure referred to in paragraph 2 and 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 purpose 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, Profit and Loss Account and Cash Flow statement dealt with by this report are in agreement with the books of account.
 - d. In our opinion the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with mandatory Accounting Standards referred in Sub Section (3c) of Section 211 of the Companies Act, 1956.
 - e. In our opinion and based on information and explanation given to us, none of the directors are disqualified as on 31st March 2011 from being appointed as directors in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - f. 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 policies and other notes thereon given the information required by the Companies Act 1956, in the manner so required, and present a true and fair view, in conformity with the accounting principles generally accepted in India.
 - i. In so far as it relates to Balance Sheet, of the State of Affairs for the Company as at 31st March 2011
 - ii. In so far as it relates to the Profit and Loss Account of the Profit of the Company for the year ended on that date; and
 - iii. In so far as it relates to the Cash Flow Statement, of the Cash flows of the Company for the year ended on that date.

For **M/S.KRISHNAN AND RAMAN,**
CHARTERED ACCOUNTANTS

Place : Rajapalayam
Date : 29.07.2011

K.V.RAMAN
PARTNER

ANNEXURE TO AUDITOR'S REPORT

(Referred to in Paragraph 2 of our report of even date)

1. In respect of its fixed assets :
 - a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
 - b. As explained to us, the fixed assets of the company have been physically verified by the management during the year in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
 - c. In our opinion the Company has not disposed of substantial part of its fixed assets during the year and going concern status of the company is not affected.
2. In respect of its inventories :
 - a. As explained to us, inventories have been physically verified by the management at regular intervals during the year.
 - b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
 - c. The Company has maintained proper records of inventories. As explained to us, there were no material discrepancies notified on physical verification of inventory as compared to the book records.
3. In respect of loans secured or unsecured granted or taken by the Company to/from Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956;
 - a. The Company has not granted any loans to Companies, firms or other parties during the year and no loans have been taken from any party during the year.
 - b. In our opinion and according to information and explanations given to us, the rate of interest, wherever applicable and other terms and conditions are not prima facie prejudicial to the interest of the Company.
 - c. Since the company has not taken any loans there is no question of overdue amount.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedure commensurate with the size of the company and the nature of its business of the purchase of inventory, fixed assets and also for the sale of goods. During the course of our audit, we have not observed any major weaknesses in internal controls.
5. In respect of transactions covered under section 301 of the Companies Act, 1956:
 - a. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements, that needed to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.

POLYSPIN EXPORTS LIMITED

- b. In our opinion and according to the information and explanations given to us, the prices paid for the purchase of goods and materials and sale of goods, materials and services, made in pursuance of contracts or arrangements entered in the register(s) maintained under section 301 of the Companies Act, 1956, as aggregating during the period to Rs.5,00,000/- (Rupees Five Lacs) or more in respect of each party are reasonable having regard to the prevailing market prices for such goods, materials or services or the prices at which transactions for similar goods or services have been made with other parties.
6. The Company has accepted deposits from Public and in our opinion and according to the explanations given to us the provisions of Section 58A and 58AA of the Companies Act, 1956 read with Companies (Acceptance of Deposits) Rules, 1975 wherever applicable have been complied with.
7. In our opinion the Internal Audit system of the Company is Commensurate with its size and nature of its business.
8. According to the information and explanations given to us, cost records under section 209(1)(d) of the Companies Act, 1956 are not required to be maintained.
9. In respect of Statutory dues :
- According to records of the Company undisputed statutory dues including Provident Fund, Investor Education Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax , Customs duty, Excise duty, Cess and other statutory dues have been regularly deposited with appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as on 31st March, 2011 for a period of more than six months from the date of becoming payable.
10. The Company has no accumulated Losses and has not incurred any cash losses during the financial year covered by our audit or in the immediately preceding financial year.
11. Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.
12. In our opinion and according to the information and explanation given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a Chit Fund or a nidhi / mutual benefit fund / society. Therefore clause 4 (xiii) of the Companies (Auditors Report) order, 2003, is not applicable to the Company.
14. The Company has maintained proper records or transactions and contracts in respect of trading in securities, debentures and other investments and timely entries have been made therein. All Shares, Debentures and other investments have been held by the Company in its own name.

POLYSPIN EXPORTS LIMITED

15. The Company has not given any guarantees for loans taken by others from banks or financial institutions.
16. The Company has raised new term loans during the year. The Term Loans outstanding at the beginning of the year as also those availed during the year were applied for the purposes for which they were raised.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short term basis have been used for long term investment.
18. During the year the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
19. The Company has not issued any Debentures and hence creation of securities in respect of the same does not arise.
20. The Company has not raised any money by way of Public Issue during the year.
21. In our opinion and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year, that Causes the financial statements to be materially misstated.

For **M/S.KRISHNAN & RAMAN,**
CHARTERED ACCOUNTANTS

Place : Rajapalayam
Date : 29.07.2011

K.V.RAMAN
PARTNER

POLYSPIN EXPORTS LIMITED

BALANCE SHEET as at March 31, 2011

	Schedule No.	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
SOURCE OF FUNDS			
1. Shareholders funds :			
Share Capital	1	4,00,00,000	4,00,00,000
Reserves and Surplus	2	4,24,08,873	3,21,45,228
		8,24,08,873	7,21,45,228
2. Loan funds :			
Secured Loans	3	17,45,43,057	7,18,34,943
Unsecured Loans	4	1,20,49,000	1,32,06,000
		18,65,92,057	8,50,40,943
3. Deferred Tax Liability	13	63,92,000	9,42,000
Total		27,53,92,930	15,81,28,171
APPLICATION OF FUNDS			
1. Fixed Assets :			
Gross Block		18,89,94,815	11,59,61,394
Less : Depreciation	6	5,21,53,327	4,41,89,641
Net Block		13,68,41,488	7,17,71,753
2. Investments	5	60,62,710	60,62,710
3. <u>Current Assets, Loans and Advances</u>			
(a) Inventories	7	8,27,30,930	3,88,81,717
(b) Cash & Bank Balances	8	2,26,16,468	1,64,19,535
(c) Loans and advances	9	3,46,92,547	2,77,19,706
(d) Sundry Debtors	10	5,22,31,893	4,89,52,602
		19,22,71,838	13,19,73,560
<u>Less : Current Liabilities & Provisions :</u>			
Liabilities	11	2,92,36,746	2,61,18,052
Provisions	12	3,05,46,360	2,55,61,800
Net Current Assets		13,24,88,732	8,02,93,708
Total		27,53,92,930	15,81,28,171
Notes on accounts	22		

As per our report of even date
M/s.KRISHNAN AND RAMAN
Chartered Accountants
K.V. RAMAN
Partner
Rajapalayam
29.07.2011

A.RAMMOHAN RAJA
Managing Director

R.RAMJI
Joint Managing Director

P.K. RAMASUBRAMANIAN
A. THIRUPPATHY RAJA
S.V. RAVI
Directors
P.S. RAMANATHAN
Secretary

POLYSPIN EXPORTS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st March, 2011

	Schedule No.	For the year ended 31.03.2011 Rs.	For the year ended 31.03.2010 Rs.
INCOME			
Sales	14	44,46,75,124	34,95,80,131
Other Income	15	50,94,230	21,60,558
		<u>44,97,69,354</u>	<u>35,17,40,689</u>
EXPENDITURE			
Raw Material consumed	16	30,13,71,621	21,75,61,776
Stores & Spares consumed		1,55,21,880	88,58,150
Power & Fuel		2,45,64,716	1,31,22,546
Salaries & Wages	17	3,96,66,199	3,17,24,085
Other Manufacturing Expenses	18	1,32,48,011	1,14,81,246
Interest & Finance Charges	19	1,65,60,552	62,72,958
Administrative, Selling & Other Overheads	20	3,50,99,550	3,76,13,576
Depreciation		1,11,40,953	71,51,151
(Increase) / Decrease in Stock	21	(3,24,94,914)	(9,76,675)
		<u>42,46,78,568</u>	<u>33,28,08,813</u>
Profit available for appropriation		2,50,90,786	1,89,31,876
Balance brought forward		20,45,228	7,38,152
Provision for Taxation - Deferred		—	2,55,000
Excess Depreciation Withdrawn relevant to Previous Year		2,87,219	—
		<u>2,74,23,233</u>	<u>1,99,25,028</u>
Provision for Taxation - Current / MAT		50,00,000	92,00,000
Provision for Tax - Deferred		54,50,000	—
Proposed Dividend @ 10%		40,00,000	40,00,000
Tax on Proposed Dividend		6,64,360	6,79,800
Transfer to General Reserve		1,00,00,000	40,00,000
Surplus carried to Balance Sheet		23,08,873	20,45,228
		<u>2,74,23,233</u>	<u>1,99,25,028</u>
Earnings per share (Basic)			
Face value of Rs 10 each (Rs.)		3.66	2.50

As per our report of even date
M/s.KRISHNAN AND RAMAN
Chartered Accountants
K.V. RAMAN
Partner
Rajapalayam
29.07.2011

A.RAMMOHAN RAJA
Managing Director

R.RAMJI
Joint Managing Director

P.K. RAMASUBRAMANIAN
A. THIRUPATHY RAJA
S.V. RAVI
Directors

P.S. RAMANATHAN
Secretary

POLYSPIN EXPORTS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st March, 2011

	2010 - 2011	2009 - 2010
	(Rupees in Lakhs)	
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before Tax and Extraordinary items	250.91	189.32
Depreciation	111.41	71.51
Interest & Finance Charges	165.61	62.73
Loss on Sale of Assets	3.25	59.86
Profit on Sale of Assets	(3.13)	—
Income Tax Paid	(76.80)	(60.46)
Operating Profit before working Capital Changes	451.25	322.96
ADJUSTMENTS FOR		
- Trade and other Receivables	17.75	(251.62)
- Inventories	(438.49)	(74.31)
- Trade Payables	29.33	76.79
	391.41	(249.14)
Cash Generated from Operations	59.84	73.82
LESS : Interest & Finance Charges	165.61	62.73
Net Cash from Operating Activities	(A) (105.77)	(A) 11.09
NET CASH USED IN INVESTING ACTIVITIES		
Investments in Fixed Assets	(814.64)	(222.17)
Proceeds from Sale of Assets	10.15	11.19
Investments	—	(0.97)
	(B) (804.49)	(B) (211.95)
NET CASH USED IN FINANCING ACTIVITIES		
Proceeds from Long Term Borrowings (Net of Repayments)	547.67	(62.15)
Proceeds from Short Term Borrowings (Net of Repayments)	467.84	319.76
Payment of Dividend and Tax thereon	(43.29)	(34.23)
	(C) 972.22	(C) 223.38
Net Decrease in Cash & Cash Equivalents	(A+B+C) 61.96	(A+B+C) 22.52
Cash & Cash Equivalents as at 31 st March 2010	164.20	141.68
Cash & Cash Equivalents as at 31 st March 2011	226.16	164.20
Net Change in Cash & Cash Equivalents	61.96	22.52
As per our report of even date	A.RAMMOHAN RAJA	P.K. RAMASUBRAMANIAN
M/s.KRISHNAN AND RAMAN	<i>Managing Director</i>	A. THIRUPPATHY RAJA
Chartered Accountants		S.V. RAVI
K.V. RAMAN		<i>Directors</i>
Partner	R.RAMJI	P.S. RAMANATHAN
Rajapalayam	<i>Joint Managing Director</i>	<i>Secretary</i>
29.07.2011		

AUDIT CERTIFICATE ON THE CASH FLOW STATEMENT

To

The Board of Directors,
Polyspin Exports Limited,
1, Railway Feeder Road,
Cholapuram South - 626 139.

We have examined the attached Cash Flow Statement of Polyspin Exports Limited for the year ended 31st March, 2011. The statement has been prepared by the Company in accordance with the requirements of listing agreement Clause 32 with Madras Stock Exchange and is based on and in agreement with the corresponding profit and loss account and balance sheet of the Company covered by our report of 29th July, 2011 to the members of the Company.

For M/s. **KRISHNAN AND RAMAN**
CHARTERED ACCOUNTANTS

Place : Rajapalayam
Date : 29.07.2011

K.V.RAMAN
PARTNER.

POLYSPIN EXPORTS LIMITED

SCHEDULES FORMING PART OF ACCOUNTS

	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
1. SHARE CAPITAL		
Authorised :		
50,00,000 Equity Shares of Rs.10/- each	<u>5,00,00,000</u>	<u>5,00,00,000</u>
Issued, Subscribed & Paid up		
40,00,000 Equity Shares of Rs.10/- each	<u>4,00,00,000</u>	<u>4,00,00,000</u>
2. RESERVES AND SURPLUS		
General Reserve as per		
Last balance Sheet	3,01,00,000	2,61,00,000
Add : Transfer from Profit & Loss A/c	<u>1,00,00,000</u>	<u>40,00,000</u>
	4,01,00,000	3,01,00,000
	<u>23,08,873</u>	<u>20,45,228</u>
Surplus in Profit & Loss Account	<u>4,24,08,873</u>	<u>3,21,45,228</u>
3. SECURED LOANS		
<i>(Refer Schedule 22 Para 3)</i>		
i) From City Union bank		
a) Term Loan	6,36,89,902	73,88,827
b) Export Packing Credit	3,36,26,672	3,40,14,474
c) Foreign Bills Discounted	2,22,55,393	2,48,42,467
d) Buyers Credit	3,97,86,892	---
e) Cash Credit on Raw material and Book debts	1,48,50,362	40,11,049
ii) Loan against Term Deposit from Axis Bank	---	8,67,357
iii) Others		
Hire Purchase Loan	3,33,836	7,10,769
	<u>17,45,43,057</u>	<u>7,18,34,943</u>
4. UNSECURED LOANS		
Fixed Deposits	1,20,49,000	1,32,06,000
	<u>1,20,49,000</u>	<u>1,32,06,000</u>
5. INVESTMENTS (UNQUOTED)		
Kisan Vikas Patra	20,000	20,000
13,01,119 Equity Shares of Sri Lankan Rs. 10/- each in M/s. Lankaspin (P) Ltd., Sri Lanka.	59,45,510	59,45,510
2000 Equity shares of USD 1 each in Polyspin USA Inc., USA	97,200	97,200
Aggregate amount of unquoted Investments at cost	<u>60,62,710</u>	<u>60,62,710</u>

POLYSPIN EXPORTS LIMITED

6. SCHEDULE OF FIXED ASSETS AS AT 31st MARCH 2011.

Description	Gross Block			Depreciation			Net Block		
	Cost as at 01.04.2010	Addition	Deduction	Cost as at 31.03.2011	Up to 01.04.2010	For the Year	Withdrawal 31.03.2011	Up to 31.03.2011	As at 01.04.2010
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Land	41,06,860	40,833	----	41,47,693	-----	-----	-----	-----	41,06,860
Building	2,23,41,475	1,56,13,756	-----	3,79,55,231	79,85,616	9,68,887	---	89,54,503	2,90,00,728
Plant & Machinery	7,86,66,592	6,38,30,827	31,75,925	13,93,21,494	3,34,73,127	96,23,114	30,90,721	4,00,05,520	9,93,15,974
Furnitures & Fittings	3,18,641	----	----	3,18,641	1,89,028	20,170	-----	2,09,198	1,09,443
Vehicles	52,96,914	6,98,196	3,27,719	56,67,391	23,71,351	5,14,067	84,035	28,01,383	28,66,008
Office Equipment	3,64,647	72,800	72,800	3,64,647	1,58,084	14,715	2,511	1,70,288	1,94,359
Library	12,435	----	-----	12,435	12,435	-----	---	12,435	-----
	11,11,07,564	8,02,56,412	35,76,444	18,77,87,532	4,41,89,641	1,11,40,953	31,77,267	5,21,53,327	13,56,34,205
Add : Capital Work in Progress	48,53,830	12,07,283	48,53,830	12,07,283	-----	-----	-----	-----	12,07,283
TOTAL	11,59,61,394	8,14,63,695	84,30,274	18,89,94,815	4,41,89,641	1,11,40,953	31,77,267	5,21,53,327	13,68,41,488

POLYSPIN EXPORTS LIMITED

SCHEDULES FORMING PART OF ACCOUNTS (CONTINUED)

	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
7. INVENTORIES : (certified by a Director)		
Stores & Spares at cost	45,03,226	29,89,045
Raw Materials at cost	2,89,55,437	1,91,15,319
Work in Process	3,78,07,227	1,36,46,335
Finished Goods	1,12,74,270	29,22,508
Process Waste	1,90,770	2,08,510
	<u>8,27,30,930</u>	<u>3,88,81,717</u>
8. CASH AND BANK BALANCES		
Cash on hand	2,12,195	1,55,764
Bank balances		
- with scheduled bank in Current Account	81,78,064	39,21,965
- with scheduled bank in Term Deposit Account	1,42,26,209	1,23,41,806
	<u>2,26,16,468</u>	<u>1,64,19,535</u>
9. LOANS AND ADVANCES		
(Unsecured-Considered Good)		
Advances recoverable in cash or in kind or for value to be received	43,65,197	60,50,112
Income Tax Paid/Tax deducted at source	2,28,16,375	1,51,36,335
Claims Receivable	12,12,781	17,21,281
Prepaid Expenses	4,11,557	8,88,822
Deposits with Govt. departments	40,10,243	25,21,844
Interest Accrued on Deposits	16,14,936	11,39,854
Fringe Benefit Tax	2,61,458	2,61,458
	<u>3,46,92,547</u>	<u>2,77,19,706</u>
10. SUNDRY DEBTORS		
Unsecured-Outstanding over six months		
Considered Good	1,07,088	21,10,233
Others-Considered Good	5,21,24,805	4,68,42,369
(Due from Directors-NIL)		
	<u>5,22,31,893</u>	<u>4,89,52,602</u>
11. CURRENT LIABILITIES		
For Purchases	1,54,66,901	1,60,34,276
For Expenses	86,80,652	79,00,207
For Other Finance	34,89,351	7,63,229
Unclaimed Dividend	15,99,842	14,20,340
Investors Education and Protection Fund		
To be credited with :		
a) Unclaimed Dividend	----	----
b) Unclaimed Matured Deposits	----	----
c) Interest accrued on (a) & (b) above	----	----
	<u>2,92,36,746</u>	<u>2,61,18,052</u>

POLYSPIN EXPORTS LIMITED

SCHEDULES FORMING PART OF ACCOUNTS (CONTINUED)

	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
12. PROVISIONS		
Provision for Taxation	2,56,20,000	2,06,20,000
Proposed Dividend	40,00,000	40,00,000
Tax on Proposed Dividend	6,64,360	6,79,800
Provision for Fringe Benefit Tax	2,62,000	2,62,000
	<u>3,05,46,360</u>	<u>2,55,61,800</u>
13. DEFERRED TAX LIABILITY	9,42,000	11,97,000
Less : Transferred to Profit & Loss Account	----	2,55,000
Add : Provision for Deferred Tax	54,50,000	—
	<u>63,92,000</u>	<u>9,42,000</u>
14. SALES / INCOME FROM OPERATION		
Export Sales	41,70,37,816	31,75,11,616
Domestic Sales	2,40,74,248	2,99,42,782
Sale of Waste	35,63,060	21,25,733
	<u>44,46,75,124</u>	<u>34,95,80,131</u>
15. OTHER INCOME		
Interest Receipts	12,62,080	14,43,907
Profit on Sale of High Sea Sales	5,67,002	3,62,052
Profit on Sale of Assets	3,13,880	----
Refund for ST on Comm. To NRI	29,48,132	3,44,346
Commission (Receipt)	3,136	1,260
Forex Fluctuations	----	8,993
	<u>50,94,230</u>	<u>21,60,558</u>
16. RAW MATERIAL CONSUMED		
Polypropylene Granules and Master Batch	26,95,02,334	18,27,85,128
Kraft paper Purchase	---	3,96,782
Printing Materials	62,34,562	50,53,655
Yarn	2,19,34,389	1,37,40,921
Fabric Purchases	37,00,336	75,00,000
Paper Bags Purchases	----	5,17,599
Bags Purchases	----	75,67,691
	<u>30,13,71,621</u>	<u>21,75,61,776</u>
17. SALARIES & WAGES		
Remuneration to Managing Director	24,14,782	12,15,000
Salaries & Wages	2,51,59,081	1,99,53,448
P.F. & E.S.I. Contribution	42,92,450	33,84,907
Labour Welfare Expenses	19,03,045	6,59,318
LIC Group Gratuity	26,71,814	33,94,744
Bonus / Ex-gratia	28,24,770	24,02,667
Apprentice Stipend	4,00,257	7,14,001
	<u>3,96,66,199</u>	<u>3,17,24,085</u>

POLYSPIN EXPORTS LIMITED

SCHEDULES FORMING PART OF ACCOUNTS

	For the year ended 31.03.2011 Rs.	For the year ended 31.03.2010 Rs.
18. OTHER MANUFACTURING EXPENSES		
Repairs & Maintenance		
- Building	23,53,927	11,12,776
- Machinery	11,71,197	17,58,519
- General	7,67,591	3,17,607
Processing Charges paid	89,55,296	92,72,795
Less : Receipts	-----	9,80,451
	89,55,296	82,92,344
19. INTEREST & FINANCE CHARGES	1,32,48,011	1,14,81,246
Interest on		
- Fixed Loans	85,35,051	17,29,760
- Others	79,66,482	44,68,463
H.P. Finance Charges	59,019	74,735
	1,65,60,552	62,72,958
20. ADMINISTRATIVE, SELLING & OTHER OVERHEADS		
Postage & Telephone	6,53,082	6,22,935
Printing & Stationery	3,84,304	3,30,885
Travelling Expenses	26,95,933	25,38,356
Bank Charges	32,98,256	29,08,931
Professional Charges	2,06,495	1,54,055
Licence, Taxes & Fees	2,17,262	4,29,099
Insurance Charges	8,18,481	10,50,081
Subscription & Periodicals	40,599	1,35,695
Filing Fees	15,125	12,050
Audit Fees	46,075	32,545
Donation	30,000	-----
Vehicle Maintenance	16,97,581	10,46,768
Miscellaneous Expenses	2,07,249	2,44,577
Commission paid	66,58,975	98,42,789
Rent	1,23,000	1,32,000
Loss on Sale of Assets	3,25,371	59,86,323
Loss on Sale of Highsea sale	22,538	-----
Testing Charges	2,86,641	7,18,708
Service Tax on GTA	1,54,260	1,06,612
Sales Promotion Exps.	-----	3,00,000
Forex fluctuation A/C.	4,39,018	-----
Rebate & Quality claim chg.	2,45,365	3,58,472
Service Tax on Testing Charges	19,538	13,100
Ocean Freight	1,55,08,686	1,02,18,503
Lorry Freight	10,05,715	4,31,092
	3,50,99,550	3,76,13,576
21. (INCREASE) / DECREASE IN STOCK		
Opening stock	1,67,77,353	1,58,00,678
Closing stock	4,92,72,267	1,67,77,353
	(3,24,94,914)	(9,76,675)

22. NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2011

1. ACCOUNTING POLICIES :

- (a) The Accounts are prepared under the historical cost concept and they materially comply with mandatory accounting standards issued by the Institute of Chartered Accountants of India.
- (b) The Company generally follows mercantile system of accounting and recognizes significant items of income and expenditure on accrual basis.

i) SALES :

Export Sales is stated at C & F / CIF / FOB basis.

- ii) Fixed Assets are stated at cost less depreciation. Cost comprises of purchase price (net of rebates and discounts), import duties, levies and any directly attributable cost of bringing the assets on its working condition for the intended use.

iii) DEPRECIATION :

- 1) Depreciation is charged under Straight Line method.
- 2) Depreciation on Additions during the year is provided on a prorata basis from the date the assets have been installed and put to use on a Straight Line method at rates and in the manner specified under Schedule XIV of the Companies Act, 1956.

iv) CURRENT ASSETS :

Inventories are certified by a Director and are valued as under :

- 1) Raw Materials & Stores : At cost
- 2) Semi finished goods : At cost
- 3) Finished goods : Lower of cost or market price

- v) All accounts receivable are unsecured and are considered good other than that have been classified as Doubtful and are subject to confirmation.

vi) RECOGNITION OF INCOME & EXPENDITURE :

- 1) Income & Expenditure are recognised on accrual basis.
- 2) Bonus to Employees is accounted on accrual basis. Provision of Rs.20,91,952/- have been made towards Bonus Payable for the year ended 31st March 2011.

vii) FOREIGN CURRENCY TRANSACTION :

- 1) Export sales are accounted at exchange rates prevailing on the date of negotiation of bills by the bankers.
- 2) Purchase of imported raw materials and components are accounted at amounts paid to discharge the related liabilities.
- 3) Foreign currency loans for acquisition of fixed assets are converted at the rate prevailing on the date of Balance Sheet. The gain or loss arising out of currency translation is adjusted in the cost of fixed assets.
- 4) Current Assets and Current Liabilities are translated at the rate prevailing on the date of Balance Sheet. The gain or loss if any, arising there from are recognised in the Profit and Loss Account.

viii) RETIREMENT BENEFITS :

- 1) Short term employee benefits are charged off at the undiscounted amount in the year in which the related service is rendered.
- 2) Contribution payable by the Company under defined contribution schemes towards Provident Fund for the year are charged to Profit and Loss Account.
- 3) The Company has its own approved Gratuity Fund and the contributions to that fund are being made to LIC. The Company has made a provision towards Gratuity for a sum of Rs. 9,85,957/- in this year on the basis of Actuarial valuation furnished by LIC.
- 4) The Leave encashment entitlement is computed on Calendar year basis and payment made to the Employees accordingly in the succeeding January of every year. Hence, there is no outstanding liability towards Leave encashment as per Accounting Standard 15.

IX. PROVISION, CONTINGENT LIABILITIES AND CONTINGENT ASSETS :

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the Notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

X. RESEARCH AND DEVELOPMENT :

No such expenditure incurred during the current year.

XI. BORROWING COSTS :

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets.

All other borrowing costs are charged to revenue.

XII. TAXES ON INCOME :

Tax expenses comprises current tax and deferred tax.

- a) Current income tax is measured at the amount expected to be paid to the tax authorities, computed in accordance with the applicable tax rate and tax laws.
- b) The Company recognizes the deferred tax liability / asset based on the accumulated timing difference using the current tax rate.

XIII. GOVERNMENT SUBSIDY / GRANT :

Interest subvention under Pre and Post shipment advance is credited to the interest and finance charges.

XIV. IMPAIRMENT OF ASSETS : AS-28

In the Opinion of the Company, the recoverable amount of the fixed assets of the Company will not be lower than the book value of the fixed assets. Hence, no provision has made for impairment.

2. The Company has fulfilled export obligations, net foreign exchange earnings and other conditions, as applicable till date, in terms of schemes of Government of India, for 100% EOU.

POLYSPIN EXPORTS LIMITED

3. SECURED LOANS :

- i) Rupee Term Loan and Working capital finance from Bank is secured by a First charge, by way of equitable mortgage, of specified land and hypothecation of specified assets under this loan.
- ii) Working Capital Finance from Bank is further secured by hypothecation of all Current Assets of the Company.
- iii) The Loans are additionally secured by Personal Guarantee of two Directors of the Company.
- iv) Hire Purchase Loan is secured by hypothecation of Specified Vehicle purchased under the scheme.

4. The Company's Business activity falls within a single primary business segment, viz, manufacture of PP Woven FIBC Bags. As such, there are no separate reportable segments as per Accounting Standard 17.

5. EARNINGS PER SHARE :

	Year Ended 31-03-2011	Year Ended 31-03-2010
a) Net Profit after Tax (Rs. in Lacs)	146.41	99.87
b) Number of Equity Shares	40,00,000	40,00,000
c) Basic and diluted Earnings per share (Rs.) (Face Value Rs.10/- per Equity Share)	3.66	2.50

6. REPORTING ON RELATED PARTIES :

In accordance with the Accounting Standard 18 issued by the Institute of Chartered Accountants of India, the Company has identified the following companies as Related parties :

A) Associate Companies :

- | | |
|----------------------------------|------------------------|
| 1. Polyspin Limited | 5. Energyspin (P) Ltd. |
| 2. Lankaspin (P) Ltd., Srilanka. | 6. Ramona Filaments |
| 3. Chola Packaging Ltd. | 7. Ramona Industries |
| 4. Ganesh Agro Pack (P) Ltd. | |

B) Subsidiary Company :

Polyspin USA Inc., USA.

C) Key management Personnel and Relatives :

- i. Sri A. RAMMOHAN RAJA - Managing Director
- ii. Sri R. RAMJI - Joint Managing Director

POLYSPIN EXPORTS LIMITED

D) Transaction during the year with Related Parties :

Sl. No.	Particulars	Year Ended 31-03-2011	Year Ended 31-03-2010		
(Rs. in Lakhs)					
		Associate / Subsidiary Companies	Key Management Personnel	Associate / Subsidiary Companies	Key Management Personnel
1.	Sale of Raw Materials (on High Sea Sales)	115.07	---	136.34	---
2.	Purchase of Raw Materials (on High Sea Sales)	---	---	36.85	---
3.	Purchase of Yarn (on High Sea Sales)	---	---	17.71	---
4.	Purchase of Sacks	---	---	79.20	---
5.	Purchase of Fabric	---	---	75.00	---
6.	Purchase of Paper Bags	---	---	5.18	---
7.	Purchase of Kraft Paper	---	---	2.29	---
8.	Processing charges paid	56.78	---	67.03	---
9.	Processing Charges Receipts	---	---	9.80	---
10.	Assets Purchased during the year	---	---	10.50	---
11.	Remuneration to Directors	---	25.59	---	13.15
12.	Rent	0.24	---	0.24	---
13.	Inter Corporate Deposits Repaid	---	---	1.93	---
14.	Sale of Yarn, Fabric & Bags Sales	546.20	---	498.58	---
15.	Assets sold during the year	9.20	---	11.02	---

7. QUANTITATIVE INFORMATION :

	Year Ended 31-03-2011	Year Ended 31-03-2010
A. Licensed Capacity PP Woven FIBC Bags, Paper Bags, PP Woven Fabric & Yarn	Licensing requirement is not applicable to the Company	
B. Installed Capacity PP Woven FIBC Bags, Paper Bags, PP Woven Fabric & Yarn	5500 Tons per annum	2400 Tons per annum
C. Production, Sales & Stock of PP Woven FIBC Bags, Paper Bags, PP Woven Fabric & Yarn		

POLYSPIN EXPORTS LIMITED

		Year Ended 31-03-2011	Year Ended 31-03-2010
1. Production	<u>Unit</u>		
1) PP Woven FIBC Bags	Kgs.	33,45,085	26,29,906
2) PP Woven Fabrics	Kgs.	14,008	1,52,249
3) PP Yarn	Kgs.	6,41,251	4,31,335
4) Paper Bags	Kgs.	----	23,073

			Year Ended 31-03-2011		Year Ended 31-03-2010
	Unit	Quantity	Rs. in Lakhs	Quantity	Rs. in Lakhs
1) PP Woven FIBC Bags	Kgs.	32,73,274	3959.04	26,69,711	3066.48
2) PP Woven Fabrics	Kgs.	7,623	6.57	1,52,249	114.73
3) PP Yarn	Kgs.	6,41,251	435.25	4,31,335	264.95
4) Paper Bags	Kgs.	---	---	27,937	24.76
5) Plastic Scrap	Kgs.	---	35.63	---	21.26
6) Other Income (exports)	Kgs.	---	10.26	---	3.62
			<u>4446.75</u>		<u>3495.80</u>

	Unit	Year Ended 31-03-2011	Year Ended 31-03-2010	Year Ended 31-03-2009
1) PP Woven FIBC Bags	Kgs.	1,11,000	25,379	29,961
2) Paper Bags	Kgs.	---	---	5,429
3) PP Woven Fabrics, Cutbits & Liner	Kgs.	3,04,476	1,24,207	1,57,788
4) PP Yarn	Kgs.	1,61,989	1,10,591	41,978

			Year Ended 31-03-2011		Year Ended 31-03-2010
	Unit	Quantity	Rs. in Lakhs	Quantity	Rs. in Lakhs
1) PP Granules	Kgs.	43,92,467	2695.03	32,46,992	1827.85
2) Kraft Paper	Kgs.	---	---	9,282	3.97
3) Yarn	Kgs.	1,97,466	219.34	1,37,267	137.41
4) Printing Materials		---	62.34	---	50.54
5) PP Woven Bags	Kgs.	---	---	69,851	75.67
6) Paper Bags	Kgs.	---	---	6,906	5.18
7) PP Woven Fabric	Kgs.	40,846	37.00	1,00,000	75.00
			<u>3013.71</u>		<u>2175.62</u>

POLYSPIN EXPORTS LIMITED

		For the year ended	
		31-03-2011	31-03-2010
		<u>Rs. in Lakhs</u>	
D.	1) Value of Imports on CIF Basis		
	a) Raw Materials & Consumable stores	2445.25	1413.35
	b) Capital Goods	8.71	---
	2) Expenditure in Foreign Currency		
	i) Commission to Foreign Agents	57.96	98.43
	ii) Foreign Travel Expenses	2.16	4.48
	iii) Conference Fees	---	1.01
	iv) Bags Testing Fees	---	4.17
	3) Earnings in foreign exchange on FOB Value of exports	4060.75	3110.82
<hr/>			
E.	Value of raw materials, stores & Spares consumed	For the year ended	
		31-03-2011	31-03-2010
		% Rs. in Lacs	% Rs. in Lacs
	i) Raw Material		
	Imported	76.74 2312.76	65.15 1417.47
	Indigenous	23.26 700.95	34.84 758.15
	ii) Stores -		
	Indigenous	100.00 155.22	100.00 88.58
<hr/>			
8.	Auditors' Remuneration :	Rs.	Rs.
	Audit Fees	27,575	16,545
	Tax Audit Fees /Appeal Fees	5,000	5,000
	Certification Fees	8,500	6,000
	Travelling Expenses reimbursed	5,000	5,000
9.	Sales tax assessment for the year ended 31.03.2005 has been completed. Income tax assessment for the Assessment year 2005-06 has been completed.		
10.	Managing Director's Remuneration :	Rs.	Rs.
	Salary	24,00,000	12,00,000
	Perquisites	1,58,782	1,14,960

POLYSPIN EXPORTS LIMITED

11. As at 31.03.2011, the company has no outstanding dues to Micro, Small and Medium Enterprises. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.
12. The Company has generated power out of Wind Mill installed at Pazhavor Taluk, Tirunelveli District, and the generated power was captively consumed by the Company by drawing the power from TNEB Grid. The Power and Fuel consumed is net of Rs.12.38 Lacs being the credit given by TNEB for the transfer of power to the Grid.

For the year ended

	31.03.2011	31.03.2010
Licensed Capacity	Not Applicable	Not Applicable
Installed Capacity	250 KW	250 KW
Units Generated	3,53,588 KWH	3,02,208 KWH
Units Captively Consumed	3,53,588 KWH	3,02,208 KWH

(included under Power & Fuel)

13. The Company's shares are listed in Madras Stock Exchange and are permitted for trading in Bombay Stock Exchange (Indonext Platform). The Listing fee for the financial year 2011-12 has been paid.

14. Deferred Tax (AS 22):

Deferred Tax Liability (Net) for Rs. 54.50 Lakhs as on 31.03.2011 has been provided from the Current year's Profit in accordance with the Accounting for deferred tax in pursuance of AS 22 issued by the Institute of Chartered Accountants in India.

15. Contingent Liabilities not Provided For :

	31.03.2011	31.03.2010
	(Rs. in Lakhs)	
=====		
i) Unexpired Letter of Credit	68.59	22.96
ii) Bank Guarantee	10.00	10.00
iii) Service Tax demand not accepted		
a) Dispute before the High Court	Nil	12.67
b) Under Appeal	Nil	Nil

POLYSPIN EXPORTS LIMITED**16. Balance Sheet Abstract and Company's General Business Profile****I. Registration Details**

CIN No. : **L51909TN1985PLC011683** State Code : **18**
 Balance Sheet : **31.03.2011**

II. Capital raised during the year (Amount in Rs. Thousands)

Public Issue : **NIL** Right Issue : **NIL**
 Bonus Issue : **NIL** Private Issue : **NIL**

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities : **2,75,393** Total Assets : **2,75,393**

Sources of Funds

Paid-up Capital : **40,000** Reserves & Surplus : **42,409**
 Secured Loans : **1,74,543** Unsecured Loans : **12,049**
 Deferred Tax Liability : **6,392**

Application of Funds

Net Fixed Assets : **1,36,841** Investments : **6,063**
 Net Current Assets : **1,32,489** Misc. Expenditure : **NIL**
 Accumulated Losses : **NIL**

IV. Performance of the Company (Amount in Rs. Thousands)

Turnover : **4,49,769** Total Expenditure : **4,24,679**
 Profit Before Tax : **25,091** Profit After Tax : **14,641**
 Earning Per Share in Rs. : **3.66** Dividend rate % : **10**

V. Generic Names of Three Principal Products / Services of Company (as per monetary terms)

Item Code No. (ITC Code)	Major Product Description
3923	PP WOVEN FIBC BAGS / FABRIC / PP YARN / PAPER BAGS

17. Figures relating to previous year have been regrouped wherever found necessary.

Signatures to Schedules 1 to 22

As per our report of even date
M/s.KRISHNAN AND RAMAN
 Chartered Accountants

K.V. RAMAN
 Partner
 Rajapalayam
 29.07.2011

A.RAMMOHAN RAJA
 Managing Director

R.RAMJI
 Joint Managing Director

P.K. RAMASUBRAMANIAN
A. THIRUPATHY RAJA
S.V. RAVI
 Directors

P.S. RAMANATHAN
 Secretary

POLYSPIN EXPORTS LIMITED

Statement Pursuant to Section 212 (1) (e) of the Companies Act, 1956

1) Name of the Subsidiary	POLYSPIN USA INC.
2) Financial Year of the Subsidiary ended	31.03.2011
3) Date from which it became a Subsidiary	02.04.2009
4) Holding Company's Interest - Number of Shares held - Percentage of holding	2000 100%
5) The net aggregate amount of the Subsidiary's Profit / (Loss) so far as it concerns members of the holding company and is not dealt with in the holding company's account - For the financial year of the Subsidiary - For the Previous financial years of the Subsidiary since it became the Holding Company's Subsidiary	USD 1019 USD 148
6) The Net aggregate amount of the Subsidiary's Profit / (Loss) dealt with in the Holding Company's accounts. - For the financial year of the Subsidiary - For the Previous financial years of the Subsidiary since it became the Holding Company's Subsidiary	Nil Nil

Sl.No.	Name of Subsidiary Company	Polyspin USA Inc. As at 31.03.2011	
		Amount in USD	Amount in INR
1	Capital	2,000	90,000
2	Reserves & Surplus	1,167	52,515
3	Total Assets	2,31,195	1,04,03,775
4	Total Liabilities	2,28,028	1,02,61,260
5	Total Investments	---	---
6	Total Income	2,49,539	1,12,29,255
7	Profit before Taxation	1,567	70,515
8	Provision for Taxation	548	24,660
9	Profit after Taxation	1,019	45,855
10	Proposed Dividend	---	---

Exchange rate as on 31.03.2011 - 1 US Dollar = INR 45.00

As per our report of even date
M/s. KRISHNAN AND RAMAN
Chartered Accountants

K.V. RAMAN
Partner
Rajapalayam
29.07.2011

A.RAMMOHAN RAJA
Managing Director

R.RAMJI
Joint Managing Director

P.K. RAMASUBRAMANIAN
A. THIRUPATHY RAJA
S.V. RAVI
Directors

P.S. RAMANATHAN
Secretary

POLYSPIN EXPORTS LIMITED

AUDITOR'S REPORT

To

The Board of Directors of Polyspin Exports Limited on the Consolidated Financial Statements of Polyspin Exports Limited and its Subsidiaries.

1. We have examined the attached Consolidated Balance Sheet of Polyspin Exports Limited and its Subsidiaries, Polyspin USA Inc as at 31st March, 2011, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year then ended. These Consolidated financial statements are the responsibility of M/s. Polyspin Exports Limited's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted 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 respects, in accordance with an identified financial reporting frame work and are free of material misstatement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of subsidiaries. These financial statements have been audited by the auditor of the subsidiary whose reports have been furnished to us, and in our opinion, in so far as it relates to the amounts included in respect of the subsidiaries, they are based on the said report.
4. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirement of Accounting Standard (AS) 21, Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of Separate audited financial statements of M/s. Polyspin Exports Limited and its Subsidiaries audit report is included in the Consolidated financial statements.
5. On the basis of information and explanation given to us and on the consideration of the separate audit report on individual audited financial statements of M/s. Polyspin Exports Limited and its Subsidiaries audit report, we are of the opinion that the said financial statements give a true and fair view in conformity with accounting principles generally accepted in India :
 - i) In the case of the Consolidated Balance Sheet, consolidated state of affairs of the Company and its subsidiaries as at 31st March, 2011.
 - ii) In the case of Consolidated Profit and Loss Account, of the consolidated results of operations of the Company and its Subsidiaries for the year then ended; and
 - iii) In the case of Consolidated Cash Flow Statement, of the consolidated cash flows of the Company and its Subsidiaries for the year then ended.

For **M/S.KRISHNAN & RAMAN,**
CHARTERED ACCOUNTANTS

Place : Rajapalayam
Date : 29.07.2011

K.V. RAMAN
PARTNER

POLYSPIN EXPORTS LIMITED

CONSOLIDATED BALANCE SHEET as at March 31, 2011

	Schedule No.	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
SOURCE OF FUNDS			
1. Shareholders funds :			
Share Capital	1	4,00,00,000	4,00,00,000
Reserves and Surplus	2	4,24,61,388	3,21,51,888
		8,24,61,388	7,21,51,888
2. Loan funds :			
Secured Loans	3	17,45,43,057	7,18,34,943
Unsecured Loans	4	1,20,49,000	1,32,06,000
		18,65,92,057	8,50,40,943
3. Deferred Tax Liability	13	63,92,000	9,42,000
Total		27,54,45,445	15,81,34,831
APPLICATION OF FUNDS			
1. Fixed Assets :			
Gross Block		18,89,94,815	11,59,61,394
Less : Depreciation		5,21,53,327	4,41,89,641
Net Block	6	13,68,41,488	7,17,71,753
2. Good Will		7,200	7,200
3. Investments	5	59,65,510	59,65,510
4. <u>Current Assets, Loans and Advances</u>			
(a) Inventories	7	8,68,99,820	4,13,22,967
(b) Cash & Bank Balances	8	2,40,52,598	1,66,99,525
(c) Loans and advances	9	3,46,92,547	2,77,19,706
(d) Sundry Debtors	10	5,70,30,648	4,98,99,582
		20,26,75,613	13,56,41,780
<u>Less : Current Liabilities & Provisions :</u>			
Liabilities	11	3,94,73,346	2,96,89,612
Provisions	12	3,05,71,020	2,55,61,800
Net Current Assets		13,26,31,247	8,03,90,368
Total		27,54,45,445	15,81,34,831
Notes on accounts	14		

As per our report of even date
M/s.KRISHNAN AND RAMAN
Chartered Accountants
K.V. RAMAN
Partner
Rajapalayam
29.07.2011

A.RAMMOHAN RAJA
Managing Director

R.RAMJI
Joint Managing Director

P.K. RAMASUBRAMANIAN
A. THIRUPATHY RAJA
S.V. RAVI
Directors
P.S. RAMANATHAN
Secretary

POLYSPIN EXPORTS LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st March, 2011

	For the year ended 31.03.2011 Rs.	For the year ended 31.03.2010 Rs.
INCOME		
Sales	44,46,75,124	34,95,80,131
Other Income	55,45,715	22,58,523
	<u>45,02,20,839</u>	<u>35,18,38,654</u>
EXPENDITURE		
Raw Material consumed	30,13,71,621	21,75,61,776
Stores & Spares consumed	1,55,21,880	88,58,150
Power & Fuel	2,45,64,716	1,31,22,546
Salaries & Wages	3,96,66,199	3,17,24,085
Other Manufacturing Expenses	1,32,48,011	1,14,81,246
Interest & Finance Charges	1,65,60,552	62,72,958
Administrative, Selling & Other Overheads	3,54,80,520	3,77,04,881
Depreciation	1,11,40,953	71,51,151
(Increase) / Decrease in Stock	(3,24,94,914)	(9,76,675)
	<u>42,50,59,538</u>	<u>33,29,00,118</u>
Profit / (Loss) available for appropriation	2,51,61,301	1,89,38,536
Balance brought forward	20,51,888	7,38,152
Provision for Taxation - Deferred	----	2,55,000
Excess Depreciation withdrawn relevant to Previous year	2,87,219	—
	<u>2,75,00,408</u>	<u>1,99,31,688</u>
Provision for Taxation - Current	50,24,660	92,00,000
Provision for Taxation - Deferred	54,50,000	—
Proposed Dividend	40,00,000	40,00,000
Tax on Proposed Dividend	6,64,360	6,79,800
Transfer to General Reserve	1,00,00,000	40,00,000
Surplus carried to Balance Sheet	23,61,388	20,51,888
	<u>2,75,00,408</u>	<u>1,99,31,688</u>
Earnings per share (Basic)		
Face value of Rs 10 each (Rs.)	3.67	2.50

As per our report of even date
M/s.KRISHNAN AND RAMAN
Chartered Accountants

K.V. RAMAN
Partner
Rajapalayam
29.07.2011

A.RAMMOHAN RAJA
Managing Director

R.RAMJI
Joint Managing Director

P.K. RAMASUBRAMANIAN
A. THIRUPPATHY RAJA
S.V. RAVI
Directors

P.S. RAMANATHAN
Secretary

POLYSPIN EXPORTS LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st March, 2011

	2010 - 2011	2009 - 2010
CASH FLOW FROM OPERATING ACTIVITIES	(Rupees in Lakhs)	
Net profit before Tax and Extraordinary items	251.61	189.38
Depreciation	111.41	71.51
Interest & Finance Charges	165.61	62.73
Loss on Sale of Assets	3.25	59.86
Profit on Sale of Assets	(3.13)	---
Income Tax Paid	(76.80)	(60.46)
Operating Profit before working	<u>451.95</u>	<u>323.02</u>
Capital Changes		
ADJUSTMENTS FOR		
- Trade and other Receivables	(20.82)	(261.09)
- Inventories	(455.77)	(98.72)
- Trade Payables	<u>96.04</u>	<u>112.44</u>
	<u>(380.55)</u>	<u>(247.37)</u>
Cash Generated from Operations	71.40	75.65
LESS : Interest & Finance Charges	165.61	62.73
Net Cash from Operating Activities	<u>(A) (94.21)</u>	<u>(A) 12.92</u>
NET CASH USED IN INVESTING ACTIVITIES		
Investments in Fixed Assets	(814.64)	(222.17)
Proceeds from Sale of Assets	<u>10.15</u>	<u>11.19</u>
	<u>(B) (804.49)</u>	<u>(B) (210.98)</u>
NET CASH USED IN FINANCING ACTIVITIES		
Proceeds from Long Term Borrowings		
(Net of Repayments)	547.67	(62.15)
Proceeds from Short Term Borrowings		
(Net of Repayments)	467.84	(319.76)
Payment of Dividend and Tax thereon	<u>(43.29)</u>	<u>(34.23)</u>
	<u>(C) 972.22</u>	<u>(C) (223.38)</u>
Net Decrease in Cash & Cash Equivalents	<u>(A+B+C) 73.52</u>	<u>(A+B+C) 25.32</u>
Cash & Cash Equivalents as at 31 st March 2010	167.00	141.68
Cash & Cash Equivalents as at 31 st March 2011	240.52	167.00
Net Change in Cash & Cash Equivalents	73.52	25.32

As per our report of even date
M/s. KRISHNAN AND RAMAN
Chartered Accountants
K.V. RAMAN
Partner
Rajapalayam
29.07.2011

A. RAMMOHAN RAJA
Managing Director

R. RAMJI
Joint Managing Director

P.K. RAMASUBRAMANIAN
A. THIRUPATHY RAJA
S.V. RAVI
Directors
P.S. RAMANATHAN
Secretary

AUDIT CERTIFICATE ON THE CONSOLIDATED CASH FLOW STATEMENT

To

The Board of Directors,
Polyspin Exports Limited,
1, Railway Feeder Road,
Cholapuram South - 626 139.

We have examined the attached Consolidated Cash Flow Statement of Polyspin Exports Limited its Subsidiaries, Polyspin USA Inc for the year ended 31st March, 2011. The statement has been prepared by the Company in accordance with the requirements of listing agreement Clause 32 with Madras Stock Exchange and is based on and in agreement with the corresponding profit and loss account and balance sheet of the Company covered by our report of 29th July, 2011 to the members of the Company.

For M/s. **KRISHNAN AND RAMAN**
CHARTERED ACCOUNTANTS

Place : Rajapalayam
Date : 29.07.2011

K.V.RAMAN
PARTNER.

POLYSPIN EXPORTS LIMITED
CONSOLIDATED SCHEDULES FORMING PART OF ACCOUNTS

	As at 31.03.2011	As at 31.03.2010
	Rs.	Rs.
1. SHARE CAPITAL		
Authorised :		
50,00,000 Equity Shares of Rs.10/- each	5,00,00,000	5,00,00,000
Issued, Subscribed & Paid up		
40,00,000 Equity Shares of Rs.10/- each	4,00,00,000	4,00,00,000
2. RESERVES AND SURPLUS		
General Reserve as per		
Last balance Sheet	3,01,00,000	2,61,00,000
Add : Transfer from Profit & Loss A/c	1,00,00,000	40,00,000
	4,01,00,000	3,01,00,000
Surplus in Profit & Loss Account	23,61,388	20,51,888
	4,24,61,388	3,21,51,888
3. SECURED LOANS		
<i>(Refer Schedule 14 Para 4 (iii))</i>		
i) From City Union bank		
a) Term Loan	6,36,89,902	73,88,827
b) Export Packing Credit	3,36,26,672	3,40,14,474
c) Foreign Bills Discounted	2,22,55,393	2,48,42,467
d) Buyers Credit	3,97,86,892	---
e) Cash Credit on Raw material and Book debts	1,48,50,362	40,11,049
ii) Loan against Term Deposit from Axis Bank	----	8,67,357
iii) Others		
Hire Purchase Loan	3,33,836	7,10,769
	17,45,43,057	7,18,34,943
4. UNSECURED LOANS		
Fixed Deposits	1,20,49,000	1,32,06,000
	1,20,49,000	1,32,06,000
5. INVESTMENTS (UNQUOTED)		
Kisan Vikas Patra	20,000	20,000
13,01,119 Equity Shares of Sri Lankan		
Rs. 10/- each in M/s. Lankaspin (P) Ltd., Sri Lanka.	59,45,510	59,45,510
	59,65,510	59,65,510

POLYSPIN EXPORTS LIMITED

6. CONSOLIDATED SCHEDULE OF FIXED ASSETS AS AT 31st MARCH 2011.

Description	Gross Block			Depreciation			Net Block		
	Cost as at 01.04.2010	Addition	Deduction	Cost as at 31.03.2011	Up to 01.04.2010	For the Year	Withdrawal	Up to 31.03.2011	As at 01.04.2010
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Land	41,06,860	40,833	----	41,47,693	-----	-----	-----	41,47,693	41,06,860
Building	2,23,41,475	1,56,13,756	----	3,79,55,231	79,85,616	9,68,887	---	89,54,503	2,90,00,728
Plant & Machinery	7,86,66,592	6,38,30,827	31,75,925	13,93,21,494	3,34,73,127	96,23,114	30,90,721	4,00,05,520	9,93,15,974
Furnitures & Fittings	3,18,641	----	----	3,18,641	1,89,028	20,170	---	2,09,198	1,09,443
Vehicles	52,96,914	6,98,196	3,27,719	56,67,391	23,71,351	5,14,067	84,035	28,01,383	28,66,008
Office Equipment	3,64,647	72,800	72,800	3,64,647	1,58,084	14,715	2,511	1,70,288	1,94,359
Library	12,435	----	----	12,435	12,435	-----	---	12,435	-----
	11,11,07,564	8,02,56,412	35,76,444	18,77,87,532	4,41,89,641	1,11,40,953	31,77,267	5,21,53,327	13,56,34,205
Add : Capital Work in Progress	48,53,830	12,07,283	48,53,830	12,07,283	-----	-----	-----	-----	12,07,283
TOTAL	11,59,61,394	8,14,63,695	84,30,274	18,89,94,815	4,41,89,641	1,11,40,953	31,77,267	5,21,53,327	13,68,41,488

POLYSPIN EXPORTS LIMITED

CONSOLIDATED SCHEDULES FORMING PART OF ACCOUNTS (CONTINUED)

	As at 31.03.2011	As at 31.03.2010
	Rs.	Rs.
7. INVENTORIES : (certified by a Director)		
Stores & Spares at cost	45,03,226	29,89,045
Raw Materials at cost	2,89,55,437	1,91,15,319
Work in Process	3,78,07,227	1,36,46,335
Finished Goods	1,54,43,160	53,63,758
Process Waste	1,90,770	2,08,510
	<u>8,68,99,820</u>	<u>4,13,22,967</u>
8. CASH AND BANK BALANCES		
Cash on hand	16,48,325	4,35,754
Bank balances		
- with scheduled bank in Current Account	81,78,064	39,21,965
- with scheduled bank in Term Deposit Account	1,42,26,209	1,23,41,806
	<u>2,40,52,598</u>	<u>1,66,99,525</u>
9. LOANS AND ADVANCES		
(Unsecured-Considered Good)		
Advances recoverable in cash or in kind or for value to be received	43,65,197	60,50,112
Income Tax Paid/Tax deducted at source	2,28,16,375	1,51,36,335
Claims Receivable	12,12,781	17,21,281
Prepaid Expenses	4,11,557	8,88,822
Deposits with Govt. departments	40,10,243	25,21,844
Interest Accrued on Deposits	16,14,936	11,39,854
Fringe Benefit Tax	2,61,458	2,61,458
	<u>3,46,92,547</u>	<u>2,77,19,706</u>
10. SUNDRY DEBTORS		
Unsecured-Outstanding over six months		
Considered Good	1,07,088	21,10,233
Others-Considered Good	5,69,23,560	4,77,89,349
(Due from Directors-NIL)	<u>5,70,30,648</u>	<u>4,98,99,582</u>

POLYSPIN EXPORTS LIMITED

SCHEDULES FORMING PART OF ACCOUNTS (CONTINUED)

	As at 31.03.2011	As at 31.03.2010
	Rs.	Rs.
11. CURRENT LIABILITIES		
For Purchases	2,57,03,501	1,96,05,836
For Expenses	86,80,652	79,00,207
For Other Finance	34,89,351	7,63,229
Unclaimed Dividend	15,99,842	14,20,340
Investors Education and Protection Fund		
To be credited with :		
a) Unclaimed Dividend	-----	-----
b) Unclaimed Matured Deposits	-----	-----
c) Interest accrued on (a) & (b) above	-----	-----
	<u>3,94,73,346</u>	<u>2,96,89,612</u>
12. PROVISIONS		
Provision for Taxation	2,56,44,660	2,06,20,000
Proposed Dividend	40,00,000	40,00,000
Tax on Proposed Dividend	6,64,360	6,79,800
Provision for Fringe Benefit Tax	2,62,000	2,62,000
	<u>3,05,71,020</u>	<u>2,55,61,800</u>
13. DEFERRED TAX LIABILITY	9,42,000	11,97,000
Less : Transferred to Profit & Loss Account	-----	2,55,000
Add : Provision for Deferred Tax	54,50,000	---
	<u>63,92,000</u>	<u>9,42,000</u>

14. NOTES ON CONSOLIDATED ACCOUNTS**1) Basis of Consolidation :**

- a) The Consolidated Financial Statement include the Financial Statements of Polyspin Exports Limited, its Subsidiary Namely Polyspin USA Inc.

Name of the Subsidiary	Country of Incorporation	Proportion of Ownership interest
Polyspin USA Inc.	USA	100%

The Consolidated Financial Statements have been prepared on the following basis :

- b) The financial statements of the Parent Company and its subsidiary Company have been consolidated on a line by line basis, by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balance and intra-group transactions resulting in unrealized Profit or Losses.
- c) The Consolidated Financial statements are prepared by adopting uniform accounting policies.
- d) The excess / lower of cost of the Parent Company of its investment in the Subsidiaries over the parents portion of equity of the Subsidiaries at the date on which investment in the Subsidiaries are made is described in the financial statements as Good Will and Capital reserves.

2) Other significant Accounting Policies :

These are set out under the head "Significant Accounting Policies" of the Company and the Subsidiaries.

- 3) Previous year's figures have been regrouped / recast wherever considered necessary.

4) NOTES ON ACCOUNTS :

- i) Contingent Liabilities not Provided For :

		31.03.2011	31.03.2010
		(Rs. Lakhs)	
a) Unexpired Letter of Credit	-	68.59	22.96
b) Bank Guarantee	-	10.00	10.00
c) Service Tax demand not accepted			
1) Dispute before the High Court	-	Nil	12.67
2) Under Appeal	-	Nil	Nil

- ii) The Parent Company has fulfilled export obligations, net foreign exchange earnings and other conditions, as applicable till date, in terms of schemes of Government of India, for 100% EOU.

POLYSPIN EXPORTS LIMITED

iii) SECURED LOANS :

- a) Rupee Term Loan and Working capital finance from Bank is secured by a First charge, by way of equitable mortgage, of specified land and hypothecation of specified assets under this loan.
- b) Working Capital Finance from Bank is further secured by hypothecation of all Current Assets of the Company.
- c) The Loans are additionally secured by Personal Guarantee of two Directors of the Parent Company.
- d) Hire Purchase Loan is secured by hypothecation of Specified Vehicle purchased under the scheme.
- iv) The Company's Business activity falls within a single primary business segment, viz, manufacture of PP Woven FIBC Bags. As such, there are no separate reportable segments as per Accounting Standard 17.

v) Auditor's Remuneration :	Rs.	Rs.
Audit Fees	2,07,575	16,545
Tax Audit Fees / Appeal Fees	5,000	5,000
Certification Fees	1,09,750	6,000
Travelling Expenses reimbursed	5,000	5,000

- vi) Sales tax assessment for the year ended 31.03.2005 has been completed. Income tax assessment for the Assessment year 2005-06 has been completed.
- vii) As at 31.03.2011, the company has no outstanding dues to Micro, Small and Medium Enterprises. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.
- viii) The Parent Company's shares are listed in Madras Stock Exchange and are permitted for trading in Bombay Stock Exchange (Indonext Platform.) The Listing fee for the financial year 2011-12 has been paid.
- ix) Deferred Tax (AS 22):

Deferred Tax Liability (Net) for Rs. 54.50 Lakhs as on 31.03.2011 has been provided from the Current year's Profit in accordance with the Accounting for deferred tax in pursuance of AS 22 issued by the Institute of Chartered Accountants in India.

Signatures to Schedules 1 to 14

As per our report of even date
M/s.KRISHNAN AND RAMAN
Chartered Accountants

K.V. RAMAN
Partner
Rajapalayam
29.07.2011

A.RAMMOHAN RAJA
Managing Director

R.RAMJI
Joint Managing Director

P.K. RAMASUBRAMANIAN
A. THIRUPATHY RAJA
S.V. RAVI
Directors

P.S. RAMANATHAN
Secretary