

# **POLYSPIN EXPORTS LTD**

**RAJAPALAYAM**



**Annual Report**  
**2018 - 2019**



Founder

**Sri. A.RAMMOHAN RAJA**

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**POLYSPIN EXPORTS LIMITED**

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| <b>BOARD OF DIRECTORS</b>              | : | SHRI R. RAMJI, <i>Managing Director &amp; CEO</i><br>SHRI K. LAKSHMINARAYANAN<br>SHRI S.R. SUBRAMANIAN<br>SHRI P. VAIDYANATHAN<br>SHRI A. THIRUPPATHY RAJA<br>SHRI S. SANKAR<br>SHRI S.V. RAVI<br>SMT. DURGA RAMJI |
| <b>SECRETARY</b>                       | : | SHRI P.K. RAMASUBRAMANIAN B.Sc., ACMA., ACS  |
| <b>AUDITORS</b>                        | : | M/s. SRITHAR & ASSOCIATES<br>CHARTERED ACCOUNTANTS<br>No.32 - T.P. KOVIL STREET, 1 <sup>ST</sup> LANE<br>TRIPILICANE, CHENNAI - 600 005.   |
| <b>SECRETARIAL AUDITOR</b>             | : | SHRI. B. SUBRAMANIAN B.Com., FCS., ACMA<br>PRACTICING COMPANY SECRETARY<br>FLAT No.: 1, PRITHVI APARTMENTS<br>7/4, SEETHA NAGAR, SECOND STREET<br>NUNGAMBAKKAM<br>CHENNAI - 600 034.                               |
| <b>BANKERS</b>                         | : | CITY UNION BANK LTD.<br>RAJAPALAYAM  |
| <b>REGISTERED OFFICE</b>               | : | 351, P.A.C.R. SALAI,<br>RAJAPALAYAM - 626 117.   |
| <b>CORPORATE IDENTIFICATION NUMBER</b> | : | L51909TN1985PLC011683  |
| <b>E-MAIL</b>                          | : | fbc@polyspin.in  |
| <b>PHONE NO</b>                        | : | 04563 - 221554 / 284000  |
| <b>FAX</b>                             | : | 04563 - 284505   |
| <b>WEBSITE</b>                         | : | www.polyspin.org   |
| <b>ADMINISTRATIVE OFFICE</b>           | : | 1, RAILWAY FEEDER ROAD<br>CHOLAPURAM SOUTH - 626 139<br>RAJAPALAYAM.   |
| <b>LISTED STOCK EXCHANGE</b>           | : | BOMBAY STOCK EXCHANGE  |
| <b>REGISTRAR &amp; TRANSFER AGENTS</b> | : | M/S. INTEGRATED REGISTRY MANAGEMENT<br>SERVICES PRIVATE LIMITED<br>2ND FLOOR, KENCES TOWER<br>NO.1, RAMAKRISHNA STREET<br>NORTH USMAN ROAD, T.NAGAR<br>CHENNAI - 600 017.<br>PHONE NO: 044 - 28140801              |

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## **POLYSPIN EXPORTS LIMITED**

CIN : L51909TN1985PLC011683

**Registered Office :** 351, P.A.C.R. Salai, Rajapalayam - 626 117.

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### **CORPORATE TEAM**

Chief Executive Officer : Shri R. Ramji  
Chief Operating Officer : Shri B. Ponram  
Chief Financial Officer : Shri S. Seenivasa Varathan

#### **Board Committees :**

Audit Committee : Shri K. Lakshminarayanan, Chairman  
Shri S. Sankar  
Shri S.V. Ravi

Stake Holders Relationship Committee : Shri S.R. Subramanian, Chairman  
Shri A. Thiruppathy Raja  
Shri R. Ramji

Nomination and Remuneration Committee : Shri K. Lakshminarayanan  
Shri S. Sankar  
Shri A. Thiruppathy Raja

Corporate Social Responsibility Committee : Shri A. Thiruppathy Raja, Chairman  
Shri R. Ramji  
Shri S.V. Ravi

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## POLYSPIN EXPORTS LIMITED

Registered Office : 351, P.A.C.R. Salai, Rajapalayam - 626 117.

CIN : L51909TN1985PLC011683

### NOTICE:

Notice is hereby given that the Thirty fourth Annual General Meeting of the members of the company will be held at 9.30 A.M. on Monday, the 12<sup>th</sup> day of August, 2019, at Sri Arjuna Manthiram, No. 21/595, Sri Krishna Colony, P.A.C.R. Salai, Rajapalayam, to transact the following business.

### ORDINARY BUSINESS:

#### **Item No: 1. Adoption of Standalone and Consolidated Financial Statements and Reports:-**

To consider and if deemed fit to pass the following Resolution, as an **ORDINARY RESOLUTION**:

**“RESOLVED THAT** the Audited Standalone financial Statements of Balance Sheet as at 31<sup>st</sup> March, 2019, Statement of Profit and Loss account for the year ended on that date, the Cash Flow Statement for the year ended on that date and Audited Consolidated financial statements of Balance Sheet as at 31<sup>st</sup> March, 2019 and Profit & Loss Account for the year ended on that date, the Director's Report and the Independent Auditor's Report thereon, be and are hereby considered approved and adopted.”

#### **Item No: 2. Declaration of Dividend:-**

To consider and if deemed fit to pass the following Resolution, as an **ORDINARY RESOLUTION**:

**“RESOLVED THAT** a Dividend of Rs.1.20 per Equity Share of Rs. 10/- each, be and is hereby declared for the financial year ended 31st March, 2019.”

#### **Item No: 3. Reappointment of Smt. Durga Ramji, Director:-**

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

**“RESOLVED THAT** Smt. Durga Ramji (DIN. 00109397), Director of the Company, who retires by rotation at the ensuing Annual General Meeting and being eligible for reappointment be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

### SPECIAL BUSINESS:

#### **Item No: 4. Appointment of Sri. S.R. Venkatanarayana Raja, as an Independent Director:-**

To consider and if thought fit, to pass with or without modification, the following resolution as a **SPECIAL RESOLUTION**:

**“RESOLVED** that pursuant to Section 149, 152 and such other provisions as applicable, of the Companies Act, 2013 and the Rules thereunder, Sri. S.R. Venkatanarayana Raja, (DIN. 01226624), be and is hereby appointed as an Independent

Director of the Company to hold office for five consecutive years from 1<sup>st</sup> September, 2019 to 31<sup>st</sup> August, 2024.

#### **Item No: 5. Appointment of Sri. V.S. Jagdish as an Independent Director:-**

To consider and if thought fit, to pass with or without modification, the following resolution as a **SPECIAL RESOLUTION**:

**“RESOLVED** that pursuant to Section 149, 152 and such other provisions as applicable, of the Companies Act, 2013 and the Rules thereunder, Sri. V.S. Jagdish, (DIN. 08452900), be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years from 1<sup>st</sup> September, 2019 to 31<sup>st</sup> August, 2024.

#### **Item No: 6. Appointment of Sri. R. Sundaram, as an Independent Director:-**

To consider and if thought fit, to pass with or without modification, the following resolution as a **SPECIAL RESOLUTION**:

**“RESOLVED** that pursuant to Section 149, 152 and such other provisions as applicable, of the Companies Act, 2013 and the Rules thereunder, Sri. R. Sundaram, (DIN. 01361345), be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years from 1<sup>st</sup> September, 2019 to 31<sup>st</sup> August, 2024.

#### **Item No: 7. To approve increase in remuneration payable to Mr. Rammohan Raja Ramji, Managing Director of the company**

To consider and if deemed fit to pass with or without modification, the following resolution as a **SPECIAL RESOLUTION**:

**“RESOLVED THAT** on the recommendation of the Nomination & Remuneration Committee and the Board of Directors, the remuneration payable to Sri. Rammohan Raja Ramji, Managing Director (DIN 00109393), be and is hereby increased to Rs.10,00,000/- (Rupees ten lakhs only) per month with effect from 1<sup>st</sup> November, 2018 for the unexpired period of his tenure up to 31<sup>st</sup> March 2021 subject to the provisions of Section 196, 197 read with Schedule V, Part II Section II of the Companies Act, 2013 and other applicable provisions of the Act, if any and Rules thereon and subject to such approval as may be required as given below and other terms and conditions remain unchanged.

- Remuneration: Rs.10,00,000/- per month.
- Commission: Three percent commission on the net profits of the Company subject to the ceiling of the total annual salary.

**POLYSPIN EXPORTS LIMITED**

- c. Perquisites: Payment as per the Company's rules, subject to the provisions of Schedule V Part II Section II of the Companies Act, 2013 and Income Tax Act 1961. It shall be restricted to 50% of the salary per annum.
- d. Contribution: Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under Income Tax Act, 1961.
- e. Gratuity: Payable at a rate not exceeding half a month's salary for each completed year of service.
- f. Leave: Encashment of leave at the end of tenure.
- g. In case of inadequacy of profits the remuneration shall not exceed the limits as prescribed under Schedule V Part II Section II of the Companies Act, 2013

**By order of the Board,**

Place : Rajapalayam  
Date : 18.05.2019

**P.K. Ramasubramanian**  
Secretary

**NOTES :**

1. Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of each item of special resolution No. 4,5,6 & 7 annexed in this report.
2. **The Register of members and the share transfer books of the Company will remain closed from 06.08.2019 to 12.08.2019 (both days inclusive) for annual closing for the purpose of determining the members eligible for dividend.**
3. 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 12.08.2019 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 05.08.2019.
4. Under the provisions of section 125 of the Companies Act 2013, dividends remaining unpaid for a period of over 7 years will be transferred to the Investor Education & Protection Fund (IEPF) of the Central Government. The Shareholders can claim such dividends from IEPF as per the rules and regulations of the Companies Act, 2013 and the Central Government. Hence, members who have not claimed their dividend relating to earlier years may write to the Company for claiming the amount before it is transferred to the IEPF. The details of the due date for transfer of such unclaimed dividend to the IEP 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 |
|----------------------|---------------------|---------------------------------|--|-----------------------------------|
| 31.03.2012           | 10%                 | 17.09.2012                      | 16.09.2019                             | 15.10.2019                        |
| 31.03.2013           | 10%                 | 23.09.2013                      | 22.09.2020                             | 21.10.2020                        |
| 31.03.2014           | 12%                 | 03.09.2014                      | 02.09.2021                             | 01.10.2021                        |
| 31.03.2015           | 12%                 | 29.09.2015                      | 28.09.2022                             | 27.10.2022                        |
| 31.03.2016           | 12%                 | 15.09.2016                      | 14.09.2023                             | 13.10.2023                        |
| 31.03.2017           | 12%                 | 26.09.2017                      | 25.09.2024                             | 24.10.2024                        |
| 31.03.2018           | 12%                 | 13.08.2018                      | 12.08.2025                             | 11.09.2025                        |

In accordance with the provisions of Section 124 (6) of the Companies Act 2013, read with the Investor Education and Protection Fund Authority (Accounting, Auditing, Transfer and Refund) Rules, 2016, the shares in respect of which dividend has not been paid or claimed for 7 consecutive years or more have been transferred to IEPF by the company. The shareholders or their legal heirs are entitled to claim the shares and dividends so transferred from IEPF by making an online application in Form No. IEPF 5 to the IEPF Authority.

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

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

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

6. Members are requested to kindly bring their copy of the Annual Report to the Annual General Meeting.
7. 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.
8. The Securities & Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Member holding shares in electronic mode are requested to submit their PAN to the depository participants with whom they maintain their demat

account. Members holding shares in physical form are requested to submit their PAN and their bank account details to the company if not submitted till now to enable the company to credit dividend to their bank account.

9. **Electronic copy of the Notice of the 34<sup>th</sup> Annual General Meeting of the company inter alia indicating the process and manner of e-voting along with Attendance slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/ Depository participant(s) for communication purpose unless any member has requested for a hard copy of the same. For members who have not registered email address, physical copies of the Notice of the 34<sup>th</sup> Annual General Meeting of the company inter alia indicating the process and manner of e-voting along with attendance slip and proxy form is being sent in the permitted mode.**
10. **Members may also note that the Notice of the 34<sup>th</sup> Annual General Meeting and the Annual Report for 2018-19 will also be available on the Company's website [www.polyspin.org](http://www.polyspin.org) for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in Rajapalayam for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the shareholders may also write to the Company's email id: [polyspinexportscs@gmail.com](mailto:polyspinexportscs@gmail.com)**
11. **Voting through electronic means:**
  - a. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR), the Company is pleased to provide members facility to exercise their right to vote at the 34<sup>th</sup> Annual General Meeting by electronic means and the business may be transacted through e-voting service provided by National Securities Depository Limited (NSDL)
  - b. Remote e-voting means the facility of casting votes by a member using electronic voting system from a place other than the venue of Annual General Meeting.
  - c. The facility for voting through ballot paper shall be made available at the meeting and members attending the meeting who have not already cast their votes by remote e-voting shall be able to exercise their right at the meeting. Members who have already cast their votes through remote e-voting can attend the Annual General Meeting but cannot vote again.

The instructions for remote e-voting are as under:

**How to Log-into NSDL e-Voting website?**

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below

- Step 1: Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com/>
- Step 2: Cast your vote electronically on NSDL e-Voting system.

**Details on Step 1 is mentioned below:**

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.  
  
Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL e-services after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.
4. Your User ID details are given below:

| Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical | Your User ID is:  |
|--|---|
| a) For Members who hold shares in demat account with NSDL.     | 8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.          |
| b) For Members who hold shares in demat account with CDSL.     | 16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****  |
| c) For Members holding shares in Physical Form.                | EVEN Number followed by Folio Number registered with the company<br><br>For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001*** |

5. Your password details are given below
  - a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.

- b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
- c) How to retrieve your 'initial password'?
- (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
- (ii) If your email ID is not registered, your 'initial password' is communicated to you on your postal address.
6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
- a) Click on "**Forgot User Details/Password?**"(If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
- b) **Physical User Reset Password?** (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
- c) If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address.
- d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
8. Now, you will have to click on "Login" button.
9. After you click on the "Login" button, Home page of e-Voting will open.
- Details on Step 2 is given below:**
1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.
3. Select "EVEN" of company for which you wish to cast your vote.
4. Now you are ready for e-Voting as the Voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
6. Upon confirmation, the message "Vote cast successfully" will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.
- B. In case a Member receives physical copy of the Notice of AGM (for Members whose email addresses are not registered with the Company/Depositories):
- i. Initial password is provided at the bottom of the attendance slip for the Annual General Meeting:
- EVEN (E-Voting Event Number), user ID and password.**
- ii. Please follow all steps from Sl. No. (1) to Sl. No. (8) above, to cast vote.
- C. Other Instructions:**
- The cut-off date for determining the eligibility for Remote e-voting is fixed as 5<sup>th</sup> August, 2019.
- i. The e-voting period commence on **8<sup>th</sup> August, 2019 (9.00 A.M)** and ends on **11<sup>th</sup> August, 2019 5.00 P.M)** During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 5<sup>th</sup> August, 2019 may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- ii. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the **cut-off date of 5<sup>th</sup> August, 2019.**
- iii. Mr. B. Subramanian, Practicing Company Secretary (Membership No. F2152 & C.P. 2275) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- iv. The Scrutinizer shall immediately after the conclusion of voting at the Annual General Meeting, first count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least

two witnesses not in the employment of the company and make a consolidated Scrutinizer Report of the total votes cast in favour or against, if any, to the Chairman of the meeting or a person authorized to whom in writing who shall countersign the same.

- v. The result shall be declared on or after the Annual General Meeting of the Company. The results declared along with Scrutinizer's Report shall be placed on the Company's website www.polyspin.org and the website of NSDL within two days of passing the resolution at the Annual General Meeting of the company and communicated to the stock exchanges.
- vi. In compliance with regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR), the results of the e-voting shall be submitted to the stock exchange within 48 hours of the conclusion of the AGM. The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.polyspin.org and the website of NSDL.

**Details of the Directors seeking reappointment (in pursuance of Regulation 36 (3) of SEBI (Listing Obligation and Disclosures Requirements) Regulation 2015.**

**Item No. 3**

Details of the Directors seeking reappointment (in pursuance of Regulation 36 (3) of SEBI (Listing Obligation and Disclosures Requirements) Regulation 2015

|                                       |   |
|---------------------------------------|---|
| Name of Director                      | : Smt. Durga Ramji  |
| DIN                                   | : 00109397  |
| Date of Birth                         | : 23.09.1972  |
| Date of appointment on Board          | : 28.05.2014  |
| Qualification                         | : B.Sc.,  |
| Share Holding                         | : 3,59,759  |
| Directorship held in other company    | : M/s. Polyspin Private Limited<br>M/s. Lankaspin Private Limited, Srilanka.<br>M/s. Energyspin Private Limited<br>M/s. Ramji Investments Private Limited |
| Member of Committee                   | : Nil   |
| Expertise in specific functional area | : Corporate Management.   |

**EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013:**

**Item No. 4**

Sri. S. R. Venkatanarayana Raja (DIN: 01226624) is aged 65 years and holds Bachelors degree in Business Administration. He was a student of Lawrence School, Lovedale, Ooty.

He had undergone industrial training under various manufacturing companies like Ramco Industries Ltd and also had training in marketing in companies like Chemicals and Plastics India Ltd.

He is now also authorised distributor for direct marketing of cement for more than six leading cement manufacturing companies.

He has got thirty five years of vast experience and knowledge in manufacturing industry, administration, finance and marketing.

He is one of the Directors of Triumph Enterprises & Investments (Madurai) Private Limited, an investment company.

He is not a relative of any of the director in Polyspin Exports Limited.

He is not holding any shares in Polyspin Exports Limited

He will be an Independent and Non – Executive Director.

None of the Directors except Sri. S. R. Venkatanarayana Raja, is interested in the above resolution.

In the opinion of the Board of Director of the Company, Sri. S.R. Venkatanarayana Raja, Independent Director proposed to be appointed fulfills the condition stipulated in the Act and the rules made thereunder and the proposed Director is Independent of the Management.

**Item No. 5**

Sri. V. S. Jagdish (DIN 08452900), is aged 66 years and holds B.Tech., (Textiles Technology). On completion of degree course as part of his training, he worked for a short period in B&C Mills (Binny's) Chennai.

He has 13 years in depth experience in Coimbatore Pioneer Mills with installed capacity of 35,000 Spindles producing Cotton and Blended Yarns (Counts 20's to 120's). Out of which 12 years have been in a responsible position in senior management cadre, experience during this period include production planning, process control, Maintenance, Quality Control and Implementation of Modernization / Rationalization programmes, yarns produced in pioneer mills are being regularly exported to European countries.

He has worked in Thanjavur Textiles Limited (Ramco Group) for 11 years as General Manager and looked after entire operation of mills. This mills is having installed capacity of 30,624 spindles and 4 OE machines and produced high quality knitted and warp yarn (count 2's to 80's). Yarns produced from this mill are exported to Canada, Australia, Japan and Far east countries.

He has worked in India Cotton Mills Ltd., Chennai for 5 years as Executive Director. This mills is having installed capacity of 50,000 spindles and producing cotton yarns (counts 40's to 80's) and polyester / viscose blended yarns (counts 30's to 60's). This mill is equipped with Auto Leveller Draw Frames and Auto Coners to produce good quality yarns.

He has worked as Executive Director in Sabari Textiles Pvt. Limited, Coimbatore, having capacity of 25,000 spindles for

7 years. He was solely responsible for executing the project and commissioning the mill. This mill produces high quality polyester cotton blended yarn of counts 50's and 54's.

Presently doing consultancy service for spinning mills in South India.

He will be an Independent and Non – Executive Director.

None of the Directors except Sri. V. S. Jagdish, is interested in the above resolution.

In the opinion of the Board of Director of the Company, Sri. V. S. Jagdish, Independent Director proposed to be appointed fulfills the condition stipulated in the Act and the rules made thereunder and the proposed Director is Independent of the Management.

**Item No. 6**

Sri. R. Sundaram, (DIN: 01361345) is aged 62 years and holds Bachelors degree in Commerce. He is a Chartered Accountant and Practice in the area of Corporate Laws from 1986 onwards.

He is the Director of Corporate Advisory Group Private Limited, Chennai, a 25 years old company engaged in Syndication of Debt, Equity and Merger & Acquisition activities.

He is also Director in M/s. Chennai Corporate Financial Services Private Limited, Chennai.

He is not a relative of any of the director in Polyspin Exports Limited.

He is not holding any shares in Polyspin Exports Limited

He will be an Independent and Non – Executive Director.

None of the Directors except Sri. R. Sundaram, is interested in the above resolution.

In the opinion of the Board of Director of the Company, Sri. R. Sundaram, Independent Director proposed to be appointed fulfills the condition stipulated in the Act and the rules made thereunder and the proposed Director is Independent of the Management.

**Item No. 7**

Sri. Rammohan Raja Ramji, Managing Director (DIN 00109393), was reappointed as Managing Director of the Company for a period of three years with effect from 1<sup>st</sup> April 2018. The re-appointment was made subject to the provisions of Section 196, 197 read with Schedule V, Part II Section II of the Companies Act, 2013 and other applicable provisions of the Act, if any and Rules thereon, at a remuneration of Rs. 7 Lakhs per month. The Board of Directors recommended payment of a remuneration of Rs. 10 lakhs per month together with commission, perquisites and other benefits with effect from 1<sup>st</sup> November, 2018 subject to the approval of the members.

The turnover crossed 100 Crores during the year 2014 and for the year ended 2019 the turnover was Rs. 212 Crores. The company has performed well under his management and leadership. The company is continuously making all efforts to keep in pace with changes in manufacture of FIBC Bags to suit the requirements of customers. Taking into account the increased responsibility and progress, the Nomination and Remuneration Committee and the Board have recommended the increased remuneration of Rs. 10.00 Lakhs per month with effect from 1<sup>st</sup> November, 2018 (existing from Rs.7 Lakhs per month) to the Managing Director which is commensurate with size and structure of the industry.

Hence, the special resolution is proposed to be passed by the members of the company for the payment of the increased remuneration which is subject to the provisions of Section 196, 197 read with Schedule V Part II Section II of the Companies Act, 2013.

None of the Directors and Key Management Personnel except Sri. R. Ramji, Sri. S.V. Ravi and Smt. Durga Ramji are interested in the Resolution.

A copy of the appointment letter together with terms and conditions is available for inspection by the members at the registered office of the company.

Sri. R. Ramji is the Director in the following Companies

| S.No. | Name of the Company                        | Designation       |
|-------|--|-------------------|
| 1.    | M/s. Polyspin Exports Limited              | Managing Director |
| 2.    | M/s. Energyspin Private Limited            | Director          |
| 3.    | M/s. Polyspin Private Limited              | Director          |
| 4.    | M/s. Ramji Investments Private Limited     | Director          |
| 5.    | M/s. Lankaspin Private Limited, Sri Lanka. | Chairman          |

**Information required to be provided as per the provisions of Section II (A) (iv) of Schedule V of the Companies Act, 2013**

**I. GENERAL INFORMATION:**

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

| Particulars                           | Rupees in Lakhs |           |           |
|---------------------------------------|-----------------|-----------|-----------|
|                                       | 2016-17         | 2017-18   | 2018-19   |
| Sales                                 | 15,598.35       | 18,144.50 | 21,488.07 |
| Profit before Interest & Depreciation | 1,176.50        | 1,499.50  | 1,854.16  |
| Profit after Interest & Depreciation  | 499.11          | 764.08    | 1,084.36  |
| Profit after Tax                      | 373.40          | 503.59    | 753.85    |
| Dividend (12%)                        | 48.00           | 48.00     | 48.00     |
| Networth                              | 2,148.08        | 2,598.11  | 3,296.07  |
| EPS                                   | 9.34            | 12.59     | 18.85     |

5. Export performance and net foreign exchange earnings:

| <b>Particulars</b>                   | <b>Rupees in Lakhs</b> |                |                |
|--------------------------------------|------------------------|----------------|----------------|
|                                      | <b>2016-17</b>         | <b>2017-18</b> | <b>2018-19</b> |
| Exports-earnings in Foreign exchange | 11,797.29              | 13,997.78      | 17,327.99      |
| Foreign exchange out Flow            | 4,682.08               | 5,127.71       | 6,325.46       |

**II. INFORMATION ABOUT THE APPOINTEE:**

1. Background : 27 Years experience in Woven sack Industry
2. Past Remuneration : Rs. 119.93 Lakhs p.a. (Salary & Perquisites)
3. Recognition or awards : For Export performance and safety to the Company
4. Job profile and his suitability :
  1. Over all control of Business of the Company as Managing Director
  2. Sustained Growth
  3. Stability
  4. Development
  5. Export Marketing
  6. Enhancing Share value
  7. Increase in turnover
  8. Consistent Dividend
  9. Diversification into new products

5. Remuneration proposed :

Remuneration as per the Resolution passed by the Board of Directors and set out in the Notice. No sitting fee is paid.

**III. OTHER INFORMATION:**

**1. Inadequate profits:**

The company has been consistently making profit and has been paying dividends. The company seeks the approval of the shareholders for the payment of the proposed remuneration only in the event of the company having no profits or inadequate profit as per the provisions, conditions and ceiling limits provided in Schedule V.

**2. Steps Taken:**

The company has implemented the expansion programme which will pave way for increased production and profitability.

**3. Expected increase in productivity and profit:**

It is expected that the sale volume will increase by 10% for the next financial year and the increase in the profit considerably, subject to the market conditions.

**IV. DISCLOSURES:**

The information and explanation may be taken as disclosure under the listing agreement.

**By order of the Board,**

Place : Rajapalayam  
Date : 18.05.2019

**P.K. Ramasubramanian**  
Secretary

**DIRECTORS' REPORT****To the Members,**

Your Directors have pleasure in presenting the Thirty Fourth Annual Report on the working of the company and Audited Accounts for the year ended 31<sup>st</sup> March, 2019.

|  | Year ended<br>31.03.2019 | Year ended<br>31.03.2018 |
|--|--------------------------|--------------------------|
| Financial Results  | Rs.                      | Rs.                      |
| Sales and other Income   | 214,88,07,539            | 181,44,49,955            |
| Operating Profit<br>(Profit Before interest, Depreciation and Tax) | 18,54,16,416             | 14,99,50,195             |
| Less : Interest  | 4,66,65,218              | 4,45,78,795              |
| Profit before Depreciation and Tax                                 | 13,87,51,198             | 10,53,71,400             |
| Less : Depreciation  | 3,03,15,380              | 2,89,63,377              |
| Profit before Tax  | 10,84,35,818             | 7,64,08,023              |
| Add : Other comprehensive income                                   | 23,09,484                | 1,51,141                 |
|  | 11,07,45,302             | 7,65,59,164              |
| Less : Provision for Taxation - Current                            | 3,19,00,000              | 2,26,00,000              |
| Less : Provision for Taxation - Deferred                           | 34,60,000                | 36,00,000                |
|  | 7,53,85,302              | 5,03,59,164              |

**DIVIDEND**

Your Directors are pleased to recommend the payment of **Dividend at Re.1.20 per share on the face value of Rs.10/- per share.**

This Dividend is not taxable in the hands of the Members. However, Tax on the Dividend amounting to Rs. 9.79 Lakhs would be paid by the Company.

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

**COMPANY PERFORMANCE**

During the year under review the performance of your company was good. The turnover has increased from Rs.181.44 Crores to Rs. 214.88 Crores which is 17.66% increase over the previous year's turnover. The table below shows comparative quantitative figures of production and sales of the company's products. There has been a marked improvement in the quantity wise production and sales over the previous year's figures.

**PRODUCTION AND SALES**

Quantity of Production and Sale of the Company's products i.e., FIBC bags and OE Spinning yarn for the year ended 31.03.2018 and 31.03.2019 are as follows:

|                              | Year ended<br>31.03.2019 | Year ended<br>31.03.2018 |
|------------------------------|--------------------------|--------------------------|
|                              | Quantity (Kgs.)          | Quantity (Kgs.)          |
| <b>1. Production</b>         |                          |                          |
| 1) FIBC Bags & PP Woven Bags | 96,50,950                | 90,68,342                |
| 2) PP Woven Fabrics          | 1,44,204                 | 2,08,361                 |
| 3) PP Yarn                   | 2,29,549                 | 1,63,890                 |
| 4) Paper Bags                | 35,552                   | 55,853                   |
| 5) Cotton Yarn               | 21,52,534                | 19,41,611                |
| <b>2. Sales</b>              |                          |                          |
| 1) FIBC Bags & PP Woven Bags | 95,98,414                | 91,32,972                |
| 2) PP Woven Fabrics          | 1,44,204                 | 2,08,361                 |
| 3) PP Yarn                   | 2,29,549                 | 1,63,890                 |
| 4) Paper Bags                | 35,552                   | 55,853                   |
| 5) Cotton Yarn               | 21,69,774                | 19,94,502                |

**Current Trend And Future Prospects - FIBC Bags**

The global Flexible Intermediate Bulk Container (FIBC) market has been witnessing significant growth rate in recent years. The prime factor attributing to the growth of the market is rapidly increasing demand for flexible intermediate bulk containers (FIBC's) across industry verticals. The rising food & beverage and pharmaceuticals industries are expected to fuel the global FIBC market in the near future. Additionally, growing need to reduce the overall weight of bulk packaging is anticipated to drive the global FIBC market, especially in the construction industry, food & beverages, pharmaceuticals, agricultural, and chemical industries over the coming years.

However due to increasing tension between US and China and the implementation of tariff has indirect impact in the Indian and Global economics and is indirectly affecting the Indian FIBC market in general and to some extent our company during the last quarter.

As indicated above, there was a remarkable increase in the production of FIBC bags during the financial year ended 31.03.2019 from 90,68,342 Kgs to 96,50,950 Kgs and the sales had increased from 91,32,972 Kgs., to 95,98,414 Kgs an increase of 5.09%. There was about 15% to 20% drop in orders during the last quarter and the current trend in orders position is not as expected mainly due to trade war between US and China.

**Current Trend and Future Prospects – Open End Spinning Division**

There is always a tough competition in the Open End Spinning Yarn Market. Since we are manufacturing high quality yarn in the imported automatic OE Machine our product is always fetches better price in the market. We are exporting part of our yarn production through merchant exports and balance is sold in the local market. The growth trend is stagnant for the near future.

We had added one new OE Machine during the financial year under review and there is a marginal increase in the production of OE Yarn during the financial year and we are yet to realise the full benefit from the new OE machine.

There was a remarkable increase in the production of Cotton Yarn during the financial year's ended 31.03.2019 from 19,41,611 Kgs to 21,52,534 Kgs and the sales had increased from 19,94,502 Kgs., to 21,69,774 Kgs an increase of 8.79%.

**Overall future Prospects:-**

Though the current year financial result and profitability will not be as promising as last year results, your directors are hopeful of moderate results during the current financial year barring any unforeseen circumstances.

**Multifilament Yarn Project:-**

As a backward integration policy, the company had constructed a separate building and installed machinery for Manufacture of Multifilament yarn required for our captive consumption and also for domestic and export sales. The company was out sourcing the product till March, 2019 and production of Multifilament Yarn commenced in April, 2019. Also we have constructed new factory building to the extent of 52000 Sq. ft. for the housing of new machines and assembly line production. The cost of this project along with construction of factory building was for Rs. 12.60 Crores.

**BOARD OF DIRECTORS**

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

**Appointment of Independent Directors:-**

The period of appointment of three Independent directors namely; Sri. K. Lakshminarayanan, Sri. A. Thiruppathy Raja and Sri. S. Sankar ends on 31<sup>st</sup> August, 2019.

Further the Board places on record the valuable services rendered by the Independent Directors during their tenure. Their valuable services, advices provided and their participation have helped the company to achieve better results.

Your Directors recommend for the appointment of the following three Independent Directors

1. Sri. S. R. Venkatanarayana Raja
2. Sri. V. S. Jagdish
3. Sri. R. Sundaram.

The profile of the above three Independent Directors are given in the explanatory statement attached to the Notice.

All three Directors are well experience in their respective fields and your directors are hopeful of their contribution and advice will be of very immense help for the development of the company.

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

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

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

**BOARD EVALUATION**

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

**MEETINGS**

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

**SECRETARIAL STANDARD**

As required under clause 9 of secretarial standards, the Board of Directors of the company confirm that the company has complied with the applicable secretarial standards.

**ORDERS PASSED BY REGULATORS**

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

**INTERNAL FINANCIAL CONTROLS**

The Company has implemented and evaluated the Internal Financial Controls which provide a reasonable assurance in respect of providing financial and operational information, complying with applicable statutes and policies, safeguarding

of assets, prevention and detection of frauds, accuracy and completeness of accounting records. The Directors and Management confirm that the Internal Financial Controls (IFC) are adequate with respect to the operations of the Company.

**INTERNAL AUDIT**

Sri. P. Ramadoss FCA (MRN 201506) the Internal Auditor, submits Quarterly reports to the audit committee which are reviewed periodically by Audit Committee as well as by the Board. Further, the Board annually reviews the effectiveness of the Company's internal control and audit system.

**PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS**

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

**REPORT ON CORPORATE GOVERNANCE:**

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

**CORPORATE SOCIAL RESPONSIBILITY**

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

The company has contributed Rs.5,52,162/- to health care and education projects during the financial year. There are certain other projects which have been identified and depending upon their implementation and fulfillment, balance contribution will be made in due course. The material disclosure is made in Annexure – III.

**STATUTORY AUDIT:**

M/S. SRITHAR AND ASSOCIATES (Firm Registration No. 015896S), Chartered Accountants, Chennai, who have been appointed as Statutory Auditors of the Company at the 33<sup>rd</sup> Annual General Meeting till the conclusion of 37<sup>th</sup> Annual General Meeting. Accordingly seeking ratification for the appointment of Statutory Auditors at every Annual General Meeting is dispensed with.

**COST AUDIT:**

As per provisions of Section 148 of the Companies Act, 2013 and the Companies (Cost Records and Audit) Rules, 2014, the Government has not notified the products of our company to which the Cost Audit would be applicable. Hence, the Cost

Audit was not conducted for your company for the financial year 2018–19.

**SECRETARIAL AUDIT:**

Pursuant to Provisions of Section 204 of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, Your Company has appointed Mr. B. Subramanian, Company Secretary in Practice, Chennai to conduct the Secretarial Audit of the Company for the financial year ended 31<sup>st</sup> March, 2019.

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

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

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

**EXTRACT OF ANNUAL RETURN**

The Annual Return for the financial year ended 31<sup>st</sup> March, 2019 in Form No: MGT-9 pursuant to Section 92 of Companies Act, 2013 and Rule 12 (2) of the Companies (Management and Administration) Rules, 2014, is annexed herewith as Annexure – VI.

**DETAILS OF SUBSIDIARY, JOINT VENTURE OR ASSOCIATES:**

There are no Subsidiaries or Joint Ventures and there is an associate company viz., M/s. Lankaspin Private Limited, Srilanka. The particulars of the Associate Company are given in Form AOC 1 as per Annexure VII.

**WOMEN AT WORK PLACE**

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

**PUBLIC DEPOSITS:-**

The company has not accepted any fixed deposit from the public during the year under section 73 of the Act.

**VIGIL MECHANISM/ WHISTLE BLOWER POLICY**

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

A forum to enable the concerned personnel of the Company to report any deviation or other acts which are against the

general code of conduct of personnel, business and other activities has been created.

**RISK MANAGEMENT POLICY**

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

The Company has laid down a Risk Management Policy and Procedure to inform the Board Members about the Risk assessment and minimization process, which is a vigorous and active process for identification and mitigation of risks. Necessary inputs are provided to the Audit Committee on a monthly basis. The production and sales are monitored and any deviation from the projected is identified, solution found and necessary rectifications are done periodically.

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

**FIRE ACCIDENT AND PRESENT CLAIM STATUS:**

There was a fire accident in the PP Fabrics and PP Slings storage premises on Monday, 4th June, 2018 at about 6.30 A.M. Fire tenders were called immediately to extinguish the fire and the fire was brought to control at about 1.30 P.M. The entire PP Fabrics were completely destroyed by the fire and entire PP Slings kept in the adjacent premises were also damaged due to fire induction from the PP Fabrics premises. We have appointed M/s. Armour Management Consultants Private Limited, Coimbatore, as consultant to assist the company for filing claim documents and other required papers to be submitted to the Insurance Company.

Due to the fire accident the factory was closed for two days on 4th and 5th June, 2018. Though the production was affected due to want of fabrics, we were able to get the fabrics materials from the group companies who have whole heartedly supported with their available production facilities. Hence the company could make good the delivery schedules to the overseas supplier with a back log of one week.

The cost of loss of stocks and book value of Buildings and Machinery was estimated at about Rs. 621.21 Lakhs. The book value of loss was absorbed in the profit and loss account for the financial year ended 31<sup>st</sup> March, 2019.

The Insurance Company has appointed M/s Professional Insurance Surveyors and Loss Assessors Private Limited, to assess the claim and they had already visited fire accident site for assessment of loss. The surveyors had submitted their Final Report and a forensic investigation was also appointed

who have stated that the cause of fire accident was due to electrical fire generated consequent to damage caused to MCB switches. The Company is pursuing the Insurance Company to settle the claim amount as early as possible.

**MATERIAL CHANGES AND COMMITMENTS**

No Material changes and commitments, affecting the financial position of the Company has occurred between the end of the financial year 2018-19 and till the date of this report.

**PERSONNEL**

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

**RELATED PARTY TRANSACTIONS:**

There were no materially significant related party transactions which could have potential conflict with the interests of the Company. Transactions with related parties are in the ordinary course of business on arm's length basis and are periodically placed before the Audit Committee and Board for its approvals and Form AOC-2 is enclosed as Annexure-IX.

**HUMAN RESOURCES**

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

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

**TRANSFER OF AMOUNT TO INVESTOR EDUCATION AND PROTECTION FUND**

Pursuant to the provisions of the Investor Education Protection Fund (uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the company has already filed the necessary form and uploaded the details of unpaid and unclaimed amounts lying with the company, as on the date of last AGM 13<sup>th</sup> August, 2018 with the Ministry of Corporate Affairs. An amount of Rs. 4,04,878/- unclaimed dividend pertaining to the year 2012 will be transferred to the IEP Fund before 15.10.2019.

**CODE OF CONDUCT**

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

The Directors shall follow in letter and spirit the provisions as contained in section 166 of the Companies Act, 2013. They shall also follow general principles of pillars of character. The same with certain variation involving their nature of work

applies to the senior management personnel. All the directors of the board and senior management personnel have confirmed the compliance with the code.

**INSIDER TRADING**

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

**DIRECTORS' RESPONSIBILITY STATEMENT**

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

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;

- (c) they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) they had prepared the annual accounts on a going concern basis;
- (e) they had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and
- (f) they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively

**ACKNOWLEDGEMENT**

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

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

**On Behalf of the Board,  
For POLYSPIN EXPORTS LIMITED,**

**S.V. RAVI**  
Director  
(DIN : 00121742)

**R.RAMJI**  
Managing Director & CEO  
(DIN : 00109393)

Place : Rajapalayam  
Date : 18.05.2019

**ANNEXURE I TO DIRECTOR'S REPORT  
REPORT ON CORPORATE GOVERNANCE**

Your Company is generally complying with the requirements of the Corporate Governance Practices, Pursuant to the Listing Agreement read with Regulation 15(2) and Schedule V(C) of the SEBI (LODR) Regulations 2015. Certain Regulations are not mandatory for your company. However, for good corporate governance, disclosures are made as per the Regulations.

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. R. Ramji is the Managing Director of the company. The Board consists of eight Directors out of whom seven are Non-executive Directors. There are three independent Directors, who are eminent persons in the field of Banking, Finance, Management and Business. There is one Director representing Women Directorship under the provisions of Section 149 of the Companies Act, 2013.

The Board evaluates the performance of Non-executive and Independent Directors.

The Board of Directors periodically review Compliance Reports pertaining to all Laws applicable to the Company. No non-compliance was reported during the year under review.

The minimum information to be placed before the Board of Directors at their meeting, as specified in Part A of Schedule II of LODR have been adequately complied with.

The Board consists of Eight Directors:

| Name of the Directors    | Category                              | Number of Other Directorship held |         |
|--------------------------|---------------------------------------|-----------------------------------|---------|
|                          |                                       | PUBLIC                            | PRIVATE |
| Sri. R. RAMJI            | Executive - Managing Director         | ---                               | 4       |
| Sri. K. LAKSHMINARAYANAN | Non-Executive / Independent           | ---                               | ---     |
| Sri. S.R. SUBRAMANIAN    | Non-Executive                         | ---                               | 1       |
| Sri P. VAIDYANATHAN      | Non-Executive                         | 3                                 | 1       |
| Sri. A. THIRUPATHY RAJA  | Non-Executive / Independent           | ---                               | ---     |
| Sri. S. SANKAR           | Non-Executive / Independent           | ---                               | 7       |
| Sri. S.V. RAVI           | Non-Executive                         | ---                               | 3       |
| Smt. DURGA RAMJI         | Non-Executive -<br>Women Directorship | ---                               | 4       |

Four Meetings of the Board of Directors of the Company was held during the year 2018-2019 on 29.05.2018, 13.08.2018, 12.11.2018 and 12.02.2019

| Name of the Directors    | Attendance at the Board Meeting | Attendance at Last AGM |
|--------------------------|---------------------------------|------------------------|
| Sri. R. RAMJI            | 4                               | Yes                    |
| Sri. K. LAKSHMINARAYANAN | 3                               | No                     |
| Sri. S.R. SUBRAMANIAN    | 4                               | Yes                    |
| Sri P. VAITHYANATHAN     | 4                               | Yes                    |
| Sri. A. THIRUPATHY RAJA  | 4                               | Yes                    |
| Sri. S. SANKAR           | 4                               | Yes                    |
| Sri. S.V. RAVI           | 4                               | Yes                    |
| Smt. DURGA RAMJI         | 4                               | Yes                    |

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

|   |                                  |         |
|---|----------------------------------|---------|
| Name of the Director  | Smt. Durga Ramji (DIN: 00109397) |         |
| Age (Years)   | 46 Years                         |         |
| Date of Appointment   | 28.05.2014                       |         |
| Expertise in specific functional area                                       | Corporate Management             |         |
| Qualification   | B.Sc.,                           |         |
| List of outside Directorship held   | PUBLIC                           | PRIVATE |
|   | ---                              | 4       |
| Chairman / Member of the Committee of the Board of Directors of the Company | NIL                              |         |
| Chairman / Member of the Committee of Directors of other Companies          | NIL                              |         |

**III. INDEPENDENT DIRECTORS**

The Company has complied with provisions of Listing Agreement read with SEBI (LODR) Regulations, 2015 and the Provisions of Section 149(6) Companies Act, 2013 with respect to the appointment of Independent Directors. The Company has also obtained declarations from all the Independent Directors pursuant to Section 149 (7) of the Companies Act, 2013.

The Independent Directors held a meeting on 12<sup>th</sup> February 2019, without the attendance of Non- Independent Directors and members of Management. All Independent Directors were present at the meeting and they have reviewed the performance of non-independent directors and the Board, performance of the Chairman and information flow structure of the Company.

The familiarization programmes were imparted to independent directors as required under the familiarization programme which is disclosed in the Company's website: [www.polyspin.org](http://www.polyspin.org). The Terms of appointment of Independent Directors has been placed on the Company's website.

The term of appointment of all three Independent Directors ends on 31<sup>st</sup> August, 2019 and the Board recommend for the appointment of three new Directors in the ensuing Annual General Meeting with effect from 1<sup>st</sup> September, 2019.

**IV. AUDIT COMMITTEE :**

Terms of Reference:

The Terms of Reference of the Audit Committee pertains to the areas referred to in Companies Act, 2013 and Pursuant to Regulation 18 of LODR. The Audit Committee consists of 2 independent Directors Sri. K. Lakshminarayanan (Chairman of the Committee), Sri. S. Sankar and Sri. S.V. Ravi. Sri. P.K. Ramasubramanian is the Secretary of the Committee. The Audit Committee met Four times during the financial year 29.05.2018, 13.08.2018, 12.11.2018 and 12.02.2019

**V. STAKEHOLDERS RELATIONSHIP COMMITTEE:**

The Company has formed Stakeholders Relationship Committee consisting of Sri. S.R. Subramanian (Chairman of the Committee), Sri. A. Thiruppathy Raja and Sri. R. Ramji. Sri.P.K. Ramasubramanian is the Compliance Officer.

The Committee met Four times during the financial year on 29.05.2018, 13.08.2018, 12.11.2018 and 12.02.2019

No. of shareholders queries / complaints received during 2018-19 - 517  
 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

Most of the queries related to non receipt of Dividend warrants, change of address and PAN data updation which have been duly complied with by sending duplicate Dividend warrants and suitable reply to their queries.

**VI. NOMINATION AND REMUNERATION COMMITTEE:**

Under the provisions of the Companies Act, 2013 and LODR Regulations, a Remuneration Committee has been constituted with the three Non-executive / Independent Directors, namely Sri K.Lakshminarayanan, Sri S. Sankar and Sri A. Thiruppathy Raja, as members. Sri P.K. Ramasubramanian 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

The nomination and Remuneration committee met once on 12<sup>th</sup> November, 2018 during the financial year.

**VII. REMUNERATION OF DIRECTORS**

Details of Remuneration paid to the Managing Director during the year 2018-19 are given below :

| <u>Name and Designation</u> | <u>Salary &amp; Perquisites<br/>(Rupees in Lakhs)</u> |
|-----------------------------|---|
|-----------------------------|---|

|  |        |
|--|--------|
| Sri. R. Ramji, Managing Director & CEO | 119.93 |
|--|--------|

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

No Stock option is provided.

The Non-Executive Directors do not draw any remuneration. A sitting fee of Rs. 10,000/- per meeting is paid for attending the meeting of the Board of Directors.

Disclosure: Necessary disclosure as per the provisions of Companies Act, 2013 and LODR has been provided under the appropriate places in the Directors report.

**VIII. MONITORING COMMITTEE.**

The Company has constituted Monitoring Committee under the provisions of SEBI (Insider Trading ) Regulations 2015, consisting of Sri. R. Ramji, Managing Director (Chairman of the Committee), Sri. P. K. Ramasubramanian, Company Secretary and Sri.Ponram, Chief Operating Officer, Sri.Srinivasa Varathan, CFO, of the company as members.

**IX. DISCLOSURE OF SHAREHOLDING OF NON-EXECUTIVE DIRECTORS AS ON 31.03.2019**

| Name of the Non-Executive Directors | No. of Shares |
|-------------------------------------|---------------|
| 1) Sri. K. LAKSHMINARAYANAN         | ---           |
| 2) Sri. S.R. SUBRAMANIAN            | 90,500        |
| 3) Sri. P. VAIDYANATHAN             | ---           |
| 4) Sri. A. THIRUPPATHY RAJA         | 500           |
| 5) Sri. S. SANKAR                   | 1,500         |
| 6) Sri. S.V. RAVI                   | 6,800         |
| 7) Smt. DURGA RAMJI                 | 3,59,759      |

**X. DISCLOSURE OF RELATIONSHIP OF THE DIRECTORS:**

Sri R.Ramji, Managing Director is related to Sri S.V.Ravi and Smt. Durga Ramji. Except this, there is no other relationship among the Directors.

**XI. 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.

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

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

**XIII. DISCLOSURES:**

1. 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
2. The companies in which the Non-executive Directors are holding the Directorship are considered Related parties as per Accounting Standard 24 issued by the Institute of Chartered Accountants of India and the transaction with such companies are disclosed in Notes No.34 Notes forming part of the accounts.
3. 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

4. The Company submits quarterly compliance report on Corporate Governance to the Stock Exchanges, in the prescribed format within 15 days from the close of the quarter duly signed by the Compliance Officer.
5. As required under Regulation 46(2) of LODR, the following informations have been duly disseminated in the Company's website.
  - Terms and conditions of appointment of Independent Directors
  - Composition of various committees of Board of Director
  - Code of conduct of Board of Directors and Senior Management Personnel
  - Details of establishment of Vigil Mechanism / Whistle Blower Policy
  - Criteria on making payments to non-executive directors
  - Policy on dealing with Related Party Transactions
  - Policy for determining materiality of events for disclosure
  - Details of familiarization Programmes imparted to Independent Directors
  - The e-mail address for grievance redressal and other relevant details.
6. Senior Management Personnel disclosed to the Board of Directors all material, financial and commercial transactions where they have personal interest that may have a potential conflict with the Company's interest, if any.
7. The Company has complied with the requirements of Corporate Governance Report of sub-para (2) to (10) of Schedule V of LODR, although many are not applicable to your company.
8. The various disclosures made in the Board's Report, may be considered as disclosures made under this report.
9. The Company has also constituted the following Committee of Board of Directors.

**CORPORATE SOCIAL RESPONSIBILITY COMMITTEE MEMBERS**

| S. No. | Name of Directors  |
|--------|--|
| 1      | Sri A. Thiruppathy Raja, Chairman - Independent Director |
| 2      | Sri R. Ramji, Managing Director                          |
| 3      | Sri S.V. Ravi, Director                                  |

Date of Meeting : 12<sup>th</sup> February, 2019

**10. Credit Rating:**

**CARE**, the companies Credit rating agency, have rated our borrowing programme as follows

| Security                   | Rating            |
|----------------------------|-------------------|
| Long Term Bank facilities  | CARE BB+ ; Stable |
| Short Term Bank facilities | CARE A4+          |

**XIV. GENERAL BODY MEETING:**

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

| Date       | Venue                             | Time     |
|------------|-----------------------------------|----------|
| 15.09.2016 | Sri Arjuna Manthiram, Rajapalayam | 9.30 A.M |
| 26.09.2017 | - do -                            | 9.30 A.M |
| 13.08.2018 | - 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 / Section 110 of the Companies Act, 2013 Rules 22 of Companies (Management and Administrator) 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.

Remote E-voting is provided pursuant to Regulation 44 of SEBI (Listing Obligation and Disclosure Requirements), Regulations, 2015 (LODR). This has been more clearly explained in the notice to Annual General Meeting.

**XV. MEANS OF COMMUNICATION:**

The Unaudited Quarterly results and Half yearly results are generally published in Business Line (English) and Dinamalar (Tamil). The results were also displayed on the company's website [www.polyspin.org](http://www.polyspin.org). All the financial results are provided to the Stock Exchange.

**Tentative Schedule for Publication of Financial Results of the Company**

The unaudited results of the first, second and third quarter are announced within 30-45 days of the end of the relevant quarter and the fourth quarter and annual audited results are announced within 60 days of the end of the Financial Year.

**XVI. MANAGEMENT DISCUSSION AND ANALYSIS**

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

**XVII. SHAREHOLDERS INFORMATION :**

1. FINANCIAL CALENDER : **Year ended March 31, 2019**
2. ANNUAL GENERAL MEETING : **THIRTY FOURTH**
3. DATE & TIME : **12<sup>TH</sup> August, 2019 9.30 A.M.**
4. VENUE : Sri Arjuna Manthiram, No. 21/595, Sri Krishna Colony, P.A.C.R. Salai, Rajapalayam - 626 117.
5. DATE OF BOOK CLOSURE : **06.08.2019 to 12.08.2019 (Both days inclusive)**
6. E-VOTING DATE : **8<sup>th</sup> August, 2019 To 11<sup>th</sup> August, 2019**  
(For details refer the Notice to Annual General Meeting) **Time : 9.00 A.M. to 5.00 P.M. Under NSDL Platform**
7. LAST DATE FOR RECEIPT OF PROXY FORM : **10<sup>th</sup> August, 2019- 9.30 A.M.**
8. DIVIDEND PAYMENT DATE : **Date of AGM**
9. LISTED STOCK EXCHANGE : Bombay Stock Exchange  
The Company has paid Annual Listing fee to the above Stock Exchange for the financial year 2018 - 2019
10. STOCK CODE : BSE - 539354
11. **STOCK PRICE PERFORMANCE**

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

| Month          | High (Rs.) | Low (Rs.) | No.of Shares Traded | Total Turnover (Rs) |
|----------------|------------|-----------|---------------------|---------------------|
| April 2018     | 143.15     | 113.00    | 28,466              | 37,34,158           |
| May 2018       | 147.15     | 110.15    | 69,377              | 94,13,386           |
| June 2018      | 126.85     | 94.10     | 31,477              | 33,61,219           |
| July 2018      | 110.00     | 89.10     | 10,618              | 10,53,276           |
| August 2018    | 111.45     | 81.05     | 29,399              | 27,32,286           |
| September 2018 | 135.70     | 101.00    | 23,270              | 27,00,379           |
| October 2018   | 126.00     | 95.30     | 11,909              | 13,57,906           |
| November 2018  | 173.00     | 115.00    | 49,365              | 75,96,635           |
| December 2018  | 150.95     | 125.00    | 15,973              | 22,07,849           |
| January 2019   | 150.00     | 120.00    | 15,018              | 20,10,624           |
| February 2019  | 145.00     | 115.00    | 26,834              | 34,98,686           |
| March 2019     | 147.95     | 124.00    | 45,247              | 62,58,659           |

Source : BSE website

**12. SHARE TRANSFER SYSTEM :**

The Board has delegated the authority for approving transfer, transmission, etc; of the Company's securities to the Share Transfer Committee of the Board of Directors constituted for this purpose. Presently, the shares are transferred both in physical and dematerialised form and request for

rematerialisation and / or transfer of shares in physical mode is also attended within the stipulated time.

The Transfers are normally processed within 15 Days by RTA 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 & Company Secretary Sri P.K. Ramasubramanian are empowered to approve the share transfer. There are no pending Share Transfer as on 18.05.2019

The physical share transfer work has been entrusted with M/s. Integrated Registry Management Services Private Limited, who are the Depository Registrar.

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

Company obtains half yearly certificate of compliance with the share transfer formalities as required under Regulation 40(9) of the SEBI (LODR) Regulations, 2015 from a Company Secretary in practice and files a copy of the certificate with the Stock Exchanges within the prescribed time limit.

SEBI vide its notification No. SEBI / LAD – NRO / 2018 / 24 dt. 8<sup>th</sup> June, 2018, had amended SEBI (LODR) Regulation to the effect that “except in case of Transmission or transposition of securities, requests for effecting transfer of securities shall not be processed unless the securities are held in the dematerialized form with a depository.

As such, SEBI mandated transfer of shares in dematerialized form alone. This has already come into effect from 1<sup>st</sup> April, 2019 and hence members are requested to take note of it and take steps to dematerialize their shares if not done already.

**13. DEPOSITORY REGISTRAR :**

M/s. Integrated Registry Management Services Private Limited, 2<sup>nd</sup> Floor, Kences Tower, No.1, Ramakrishna St, North Usman Road, T.Nagar, Chennai 600 017. Ph : 044 - 28140801

- 14. NAME OF THE DEPOSITORY :** National Securities Depository Ltd.  
Central Depository Services (India) Ltd.

15. ISIN No. : **I N E 9 1 4 G 0 1 0 1 1**

16. INVESTOR CORRESPONDENCE : Registered Office:  
FOR TRANSFER, PAYMENT OF No.351, P.A.C.R.Salai,  
DIVIDEND ON SHARES OR ANY Rajapalayam 626 117.  
OTHER QUERY RELATING TO Ph : 04563 - 221554  
THE SHARES OF THE COMPANY

17. NAME AND ADDRESS OF THE : Sri. P.K. Ramasubramanian  
COMPLIANCE OFFICER Company Secretary,  
No.351, P.A.C.R.Salai,  
Rajapalayam 626 117.  
Ph. : 04563 - 221554

18. Website : [www.polyspin.org](http://www.polyspin.org)

19. A separate email ID has been created to facilitate the shareholders to redress their grievances. The email ID is : [polyspinexportscs@gmail.com](mailto:polyspinexportscs@gmail.com)

**20. PLANT LOCATION**

**100% EOU - FIBC Bags & Woven Bags Division**

|                  |  |
|------------------|--|
| <b>UNIT - I</b>  | No.1, Railway Feeder Road,<br>Cholapuram South. Rajapalayam (Via),<br>Virudhungar Dist., Tamilnadu.      |
| <b>UNIT - II</b> | No. 415/1, Railway Feeder Road,<br>Cholapuram South. Rajapalayam (Via),<br>Virudhungar Dist., Tamilnadu. |
| <b>UNIT - IV</b> | 505, Ramalingapuram Road,<br>Muthukudi. Virudhungar Dist., Tamilnadu.                                    |
| <b>GODOWN</b>    | 109/1, Cholapuram South,<br>Koonankulam Road,<br>Cholapuram - 626 139.                                   |

**OE Yarn Unit - Division**

PEL Textiles,  
206 B/1, Sankarankovil Road,  
Cholapuram South. Rajapalayam (Via)

**Windmill Unit (250 KW)**

Pazhavor Taluk, Tirunelveli District.

**21. RANGEWISE HOLDINGS**

| RANGE             | 2018 - 2019         | 2018 - 2019   | 2017 - 2018 |
|-------------------|---------------------|---------------|-------------|
|                   | No. of Shareholders | (%)           | (%)         |
| 1 - 500           | 2876                | 14.60         | 16.09       |
| 501 - 1000        | 330                 | 6.97          | 7.97        |
| 1001 - 2000       | 136                 | 5.05          | 5.55        |
| 2001 - 3000       | 66                  | 4.25          | 4.52        |
| 3001 - 4000       | 19                  | 1.64          | 1.62        |
| 4001 - 5000       | 14                  | 1.65          | 1.42        |
| 5001 - 10000      | 20                  | 3.43          | 3.28        |
| 10001 - and above | 32                  | 62.41         | 59.55       |
|                   | <b>3493</b>         | <b>100.00</b> | 100.00      |

**22. DEMATERIALIZATION OF SHARES AS ON 31.03.2019**

|               | No. of Shareholders | (%)           | No. of Shares    | (%)           |
|---------------|---------------------|---------------|------------------|---------------|
| CDSL          | 495                 | 14.17         | 2,76,228         | 6.91          |
| NSDL          | 1018                | 29.14         | 29,76,892        | 74.42         |
| Physical Form | 1980                | 56.69         | 7,46,880         | 18.67         |
| <b>TOTAL</b>  | <b>3493</b>         | <b>100.00</b> | <b>40,00,000</b> | <b>100.00</b> |

**Declaration from the Managing Director and Chief Executive Officer.**

(Regulation 17(5) read with Schedule V(D) of SEBI (LODR) Regulations, 2015)

As provided under Regulation 17(5) read with Schedule V(D) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board Member and the senior management personnel have affirmed Compliance with the Company's code of conduct for the year ending 31<sup>st</sup> March 2019.

**For POLYSPIN EXPORTS LIMITED**

**R. RAMJI**

Managing Director & CEO

(DIN : 00109393)

Place : Rajapalayam

Date : 18.05.2019

**23. Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity**

There are no outstanding GDRs/ADRs / Warrants or any convertible instruments.

**24. SECRETARIAL CERTIFICATIONS**

(A) As stipulated by SEBI, a qualified Company Secretary in practice conducts the Audit for the purpose of reconciliation of total admitted capital with the National Securities Depository Ltd (NSDL) and Central Depository Services (India) Ltd (CDSL) and the total issued and listed capital of the Company. The Audit is carried out every quarter and the report thereon is submitted to the Stock Exchanges and is also placed before the Board of Directors. The audit, inter-alia, confirms that the total listed and paid up capital of the Company is in agreement with the aggregate of the total number of shares in dematerialised form (held with NSDL and CDSL) and total number of shares in physical form.

(B) As stipulated under Regulation 34 (3) and Schedule V para C Clause 10 (i) of the SEBI (LODR) Regulation 2015, a Certificate of Non – Disqualification of Directors issued by Mr.B.Subramanian, Practising Company Secretary (C.P.No.2275) is attached as per Annexure-IVA.

**25. DEMAT SUSPENSE ACCOUNT/ UNCLAIMED SUSPENSE ACCOUNT**

The Company does not have any shares in the demat suspense account or unclaimed suspense account.

**26. CODE OF CONDUCT :**

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

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

**CERTIFICATION BY MANAGING DIRECTOR  
TO THE BOARD**

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

**Certification under Regulation 17(8) of SEBI (LODR)  
Regulations**

We hereby certify to the Board that:

1. We have reviewed the financial statements and the Cash flow statements for the year ended 31.03.2019 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 present a true and fair view of the state of affairs of the Company and of the results of operations and cash flows. The financial statements have been prepared in conformity, in all material respects, with the existing Generally Accepted Accounting Principles including Accounting Standards, applicable laws and regulations.
2. 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.
3. We accept overall responsibility for establishing and monitoring the Company's internal control system for financial reporting and evaluating its effectiveness. Internal Audit function monitors the Internal Control System for financial reporting, which encompasses the examination and evaluation of the adequacy and effectiveness. Internal Audit works with all levels of management and Statutory Auditors and reports significant issues to the Audit Committee of the Board. The Statutory Auditors and Audit Committee are appraised of any corrective action taken or proposed to be taken with regard to significant deficiencies and material weaknesses.
4. We have indicated to the auditors and the Audit Committee
  - (i) that there are no significant changes in internal control over financial reporting during the year.
  - (ii) that there are no significant changes in accounting policies during the year.
  - (iii) that there are no instances of significant fraud of which we have become aware of and which involve management or other employees who have significant role in the company's internal control system over financial reporting.

**S. SEENIVASA VARATHAN**

CFO

Place : Rajapalayam

Date : 18.05.2019

**R. RAMJI**

Managing Director & CEO  
(DIN : 00109393)

**ANNEXURE II TO DIRECTOR'S REPORT  
CERTIFICATE REGARDING COMPLIANCE OF  
CONDITIONS OF CORPORATE GOVERNANCE**

(Pursuant to Schedule V (E) of SEBI (LODR)  
Regulations, 2015)

To

The Members

**Polyspin Exports Limited**

CIN : L51909TN1985PLC011683

351, P.A.C.R. Salai,

Rajapalayam - 626 117.

1. I have examined the compliance of the conditions of Corporate Governance by Polyspin Exports Limited ("the Company") for the year ended **31<sup>st</sup> March 2019**, as stipulated under the Regulation numbers 17 to 27, 46(2) (b) to (i), Schedule II and Schedule V (paragraphs C, D and E) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015 (Listing Regulations).
2. The compliance of conditions of Corporate Governance is the responsibility of the management. My examination has been limited to procedures and implementation thereof, adopted by the company for ensuring the said compliance. It is neither an audit nor this certificate an expression of opinion on the financial statement of the Company.
3. Based on the aforesaid examination and according to the information and explanations given to me, I certify that the Company has complied with the said conditions of Corporate Governance as stipulated under the Regulation numbers 17 to 27, 46(2) (b) to (i), Schedule II and Schedule V (paragraphs C, D and E) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015 (Listing Regulations) as applicable.
4. I further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company

**B. SUBRAMANIAN**

Practicing Company Secretary

Membership No: F2152

Certificate of Practice: 2275

Flat No: 1, Prithvi Apartments,

7/4, Seetha Nagar Second Street,

Nungambakkam,

Chennai – 600 034.

Place : Rajapalayam

Date : 18.05.2019

## ANNEXURE III TO DIRECTOR'S REPORT

## CORPORATE SOCIAL RESPONSIBILITY

1. A brief outline of the Company's CSR Policy is that:
 

The company takes into account the importance and necessity of social responsibility for sustained growth of not only the company but also the nation. These will in the long run usher in welfare and wealth to the nation. The proposed implementation shall be on the following basis.

  - i. Promoting and providing eco friendly atmosphere
  - ii. Promoting and providing education to the under privileged children and weaker section of the economy.
  - iii. Eradicating hunger, poverty and malnutrition.
  - iv. Provision of Drinking water, sanitation and medical assistance.
  - v. To contribute to organization which have made the above possible to an extent.
  - vi. To protect National heritage.
2. The composition of the CSR Committee:-
  - i. Sri. A. Thirupathy Raja, Chairman - Independent Director
  - ii. Sri. R. Ramji, Managing Director
  - iii. Sri. S.V. Ravi, Director
3. Average net profit of the company for last three financial Years **Rs. 592.64 Lakhs**
4. Prescribed CSR Expenditure— **Rs.11.85 Lakhs** (two per cent of the amount as in item 3 above)
5. Details of CSR spent during the financial Year:-
  - a. Total amount to be spent for the financial year : **Rs.11.85 Lakhs**
  - b. Amount unspent, if any (Previous Financial year) : **Rs.18.63 Lakhs**

**Total : Rs. 30.48 Lakhs**

c. Manner in which the amount spent during the financial year is detailed below:-

| S. No.       | CSR Project or Activity identified  | Sector in which the project is covered              | Projects or programs (1) Local area or other (2) Specify the state and district projects or programs was under taken | Amount outlay (budget) project or programs wise (Rs.) | Amount spent on the projects or programs sub-heads (1) Direct expenditure on project or programs 2) over heads (Rs.) | Cumulative expenditure up to the reporting period (Rs.) | Amount spent Direct or through implementing agency |
|--------------|---|---|--|---|--|---|--|
| 1.           | Eradicating Hunger, Poverty and Malnutrition, Promoting health care including preventive health care and Sanitation including contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation | Health Care, Poverty and Sanitation                 | State Tamilnadu District Chennai Madurai Virudhunagar Chennai Madurai Rajapalayam                                    | 1,70,000  | 1,70,000   | 1,70,000  | Direct   |
| 2.           | Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air and water                             | Environmental sustainability and ecological balance | State Tamilnadu District Virudhunagar Rajapalayam  | 50,000  | 50,000   | 50,000  | Direct   |
| 3.           | Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects                                     | Education & Skill development                       | State Karnataka, Tamilnadu District Bangalore Trichy, Madurai Virudhunagar Bangalore Trichy, Madurai Rajapalayam     | 3,32,162  | 3,32,162   | 3,32,162  | Direct   |
| <b>Total</b> |   |   |  | <b>5,52,162</b>                                       | <b>5,52,162</b>  | <b>5,52,162</b>   |  |

6. The CSR Committee confirms that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and policy of the company.
7. Balance unspent amount:- There are other projects which have been identified and depending upon their implementation and fulfillment, balance contribution will be made in due course.

**On Behalf of the Board,  
For POLYSPIN EXPORTS LIMITED,**

S.V. RAVI

R. RAMJI

Place : Rajapalayam                      Director                      Managing Director & CEO  
Date : 18.05.2019                      (DIN : 00121742)                      (DIN : 00109393)

## ANNEXURE IV TO DIRECTOR'S REPORT

## Form MR – 3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2019

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To  
The Members,  
**POLYSPIN EXPORTS LIMITED,**  
[CIN: L51909TN1985PLC011683]  
351, PACR Salai,  
Rajapalayam - 626 117.

I have conducted a secretarial audit of the compliance of applicable statutory provisions and adherence to good corporate practices by **M/s. POLYSPIN EXPORTS LIMITED** (hereinafter called "the Company") during the financial year from **1<sup>st</sup> April, 2018 to 31<sup>st</sup> March, 2019** (audit period under review). The Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the Company's corporate conducts / statutory compliances and I am expressing my opinion thereon.

I am issuing this report based on my verification of the books, papers, minute books and other records maintained by the Company and furnished to me, forms and returns filed, compliance related action taken by the Company, during the financial year ended **31<sup>st</sup> March, 2019** and also after **31<sup>st</sup> March, 2019** but before the issue of this report, Compliance certificates confirming compliance with all laws applicable to the Company given by the key managerial personnel of the Company and taken on record by the Board of Directors; and the representations made and information provided by the Company, its officers, agents and authorized representatives during my conduct of secretarial audit.

1. I hereby report that,
  - 1.1 In my opinion, during the audit period covering the financial year ended on **31<sup>st</sup> March, 2019** (hereinafter referred to as "the year"), to the extent, in the manner and subject to the reporting made hereunder, the Company has complied with the statutory provisions listed hereunder and also has proper Board processes and compliance mechanism in place to the extent.

The members are requested to read this report along with my letter of even date annexed to this report as Annexure -A.

- 1.2 I have examined the books, papers, minute books and other records maintained by the Company and the forms and returns filed during the year according to the applicable provisions of:
  - i. The Companies Act, 2013 (the Act), the rules made there under;

- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- iii. The Depositories Act, 1996 and the regulations and bye-laws framed there under;
- iv. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act')
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations 2015;
  - (c) Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015.
- v. The following laws, that are specifically applicable to the Company:
  - a) Essential Commodities Act 1955, with reference to "Hank Yarn Packing Notification 2003" (No.2/TDRO/8/2003 dated 17<sup>th</sup> April, 2003).
- 1.3 I have also examined compliance with the applicable clauses of the following:-
  - i. I have examined compliance with the Secretarial Standards (SS-1) on "Meeting of the Board of Directors" Secretarial Standards (SS-2) on "General Meetings" Secretarial Standards (SS-3) on Dividend and Secretarial Standards (SS-4) on Report of Board of Directors, issued by the Institute of Company Secretaries of India.
  - ii. The listing Agreement entered into with Bombay Stock Exchange Limited.
- 1.4 During the period under review, and also considering the compliance related action taken by the Company after **31<sup>st</sup> March, 2019** but before the issue of this report, the Company has, to the best of my knowledge and belief and based on the records, information and explanations furnished to me, complied with the provisions of the Acts, Rules, Regulations and Agreements mentioned under paragraph 1 above, to the extent applicable.
- 1.5 I am informed that, during the year the Company was not required to comply with the following laws/guidelines / regulations, consequently was not required to maintain any books, papers, minute books or other records or to file any forms / returns according to the provisions of:
  - i. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; and
  - ii. The following Regulations and Guidelines prescribed under the SEBI Act;
    - (a) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act, 2013 and dealing with client;
    - (b) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999
    - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
    - (d) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
    - (e) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998
    - (f) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- iii. I am also informed that for the year, there were no other laws specifically applicable to the company, the books, papers, minute books, forms and returns of which were required to be examined by me for the purpose of this report.
- 2. I further report that:
  - 2.1 The Board of Directors of the Company is duly constituted with one Executive Director, three Non-Executive Independent Directors and Four Non-Executive Directors including one woman Director.
  - 2.2 Adequate notice is given to all directors to schedule the Board Meeting, agenda and detailed notes on agenda of Board meetings were sent atleast seven days in advance. A system exists for seeking and obtaining further information and clarification on the agenda items before the meeting and for meaningful participation at the meeting.
  - 2.3 Majority decision is carried through. I am informed that there were no dissenting members' views on any of the matters during the year that were required to be captured and recorded as part of the minutes.
- 3. I further report that,
  - 3.1 There are adequate systems and processes in the Company commensurate with its size and operations to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

Place : Rajapalayam  
Date : 18.05.2019

**B. SUBRAMANIAN**  
Practicing Company Secretary  
Membership No: F2152  
Certificate of Practice: 2275  
Flat No: 1, Prithvi Apartments,  
7/4, Seetha Nagar Second Street,  
Nungambakkam, Chennai – 600 034.

**Annexure - A to Secretarial Audit Report of even date**

To  
The Members,  
**POLYSPIN EXPORTS LIMITED,**  
[CIN: L51909TN1985PLC011683]  
351, PACR Salai,  
Rajapalayam - 626 117.

**My Secretarial Audit Report (Form MR-3) of even date for the financial year ended 31<sup>st</sup> March, 2019 is to be read along with this letter.**

- Maintenance of secretarial records and compliance with the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of the management of the company. My responsibility is to express an opinion on the secretarial records produced for my audit.
- I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records.
- While forming an opinion on compliance and issuing this report, I have also taken into consideration the compliance related action taken by the company after **31<sup>st</sup> March, 2019** but before the issue of this report.
- I have considered compliance related actions taken by the company based on independent legal/ professional opinion obtained by the company in compliance with law.
- I have verified the records on a test basis to see whether the correct facts are reflected in the secretarial records. I have also examined the compliance procedures followed by the company on a test basis. I believe that the processes and practices I followed provide a reasonable basis for my opinion.
- I have not verified the correctness and appropriateness of financial records and book of accounts of the company.
- I have obtained the Management's representation about the compliance of laws, rules and regulations and happening of events, wherever required.
- My Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

**B. SUBRAMANIAN**

Practicing Company Secretary  
Membership No: F2152  
Certificate of Practice: 2275  
Flat No: 1, Prithvi Apartments,  
7/4, Seetha Nagar Second Street,

Place : Rajapalayam  
Date : 18.05.2019

Nungambakkam,  
Chennai – 600 034.

**ANNEXURE - IV A**

**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**  
(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To  
The Members,  
**POLYSPIN EXPORTS LIMITED,**  
351, PACR Salai,  
Rajapalayam - 626 117.

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **M/S. POLYSPIN EXPORTS LIMITED** having **CIN L51909TN1985PLC011683** and having registered office at **No. 351, P.A.C.R. Salai, Rajapalayam - 626 117, Tamilnadu** (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10 (i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to me by the Company and its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ended on **31<sup>st</sup> March, 2019** have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

| S. No. | Name of the Director                      | DIN      | Date of appointment in the Company |
|--------|---|----------|------------------------------------|
| 1      | Shri. Rammohan Raja Ramji                 | 00109393 | 25/09/1991                         |
| 2      | Smt. Durga Ramji                          | 00109397 | 01/06/2014                         |
| 3      | Shri. Sinthalapadi Venugopal Raja Ravi    | 00121742 | 27/11/1992                         |
| 4      | Shri. Sengalipuram Ramamurthy Subramanian | 00122141 | 29/03/1985                         |
| 5      | Shri. Krishnamurthi Lakshminarayanan      | 00122080 | 15/10/1994                         |
| 6      | Shri. Thirupathi Raja Arjuna Raja         | 00110840 | 06/07/2001                         |
| 7      | Shri. Sankar Subramanian                  | 00122325 | 06/07/2001                         |
| 8      | Shri. Panchapagesan Vaidyanathan          | 00029503 | 31/10/2017                         |

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**B. SUBRAMANIAN**

Practicing Company Secretary  
Membership No: F2152  
Certificate of Practice: 2275  
Flat No: 1, Prithvi Apartments,  
7/4, Seetha Nagar Second Street,

Place : Rajapalayam  
Date : 18<sup>th</sup> May 2019

Nungambakkam,  
Chennai – 600 034.

**ANNEXURE V TO DIRECTOR'S REPORT**

In terms of Section 217 (i) (e) of the Companies Act (as amended) and the disclosure of particulars in the Report of the Board of Directors Rules, 1989, the following information is furnished for the year ended 31.03.2019.

**I. FIBC DIVISION**

**FORM A**

**I. FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY**

Energy Audit and conservation measure is regularly adopted and implemented.

**A. POWER AND FUEL CONSUMPTION**

| Electricity  |            | <u>2018-19</u>     | <u>2017-18</u> |
|--|------------|--------------------|----------------|
| a) Purchased from Electricity Board                |            |                    |                |
| Unit   | <b>KWH</b> | <b>20,14,647</b>   | 12,22,833      |
| Total Amount                                       | <b>Rs.</b> | <b>2,14,09,770</b> | 1,56,08,370    |
| Rate / Unit  | <b>Rs.</b> | <b>10.63</b>       | 12.76          |
| b) Own Generation                                  |            |                    |                |
| Through Diesel Generator Units                     | <b>KWH</b> | <b>2,05,143</b>    | 2,95,768       |
| Unit per Litre of Diesel                           | <b>KWH</b> | <b>3.74</b>        | 3.82           |
| Diesel Cost per Unit                               | <b>Rs.</b> | <b>16.20</b>       | 11.44          |
| c) Consumed from generation / Windmill - CPP Power |            |                    |                |
| Unit   | <b>KWH</b> | ----               | 50,915         |
| Total Amount                                       | <b>Rs.</b> | ----               | 2,16,889       |
| Rate / Unit  | <b>Rs.</b> | ----               | 4.25           |
| d) Purchase from CPP Power                         |            |                    |                |
| Unit   | <b>KWH</b> | <b>64,86,740</b>   | 70,46,192      |
| Total Amount                                       | <b>Rs.</b> | <b>3,63,11,676</b> | 3,69,33,552    |
| Rate / Unit  | <b>Rs.</b> | <b>5.60</b>        | 5.24           |

**B. CONSUMPTION PER UNIT OF PRODUCTION**

|   |                         |                 |
|---|-------------------------|-----------------|
| Products (with Details) - FIBC bags, Fabrics & Yarn | <b>1,00,24,703 Kgs.</b> | 94,40,593 Kgs.  |
| Electricity per Kg of Production                    | <b>1.15 Unit / Kg.</b>  | 1.09 Unit / Kg. |

**II. TEXTILE DIVISION**

**FORM A**

**I. FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY**

Energy Audit and conservation measure is regularly adopted and implemented.

**A. POWER AND FUEL CONSUMPTION (Pertaining to Cotton Yarn)**

| Electricity                                  |            | <u>2018-19</u>     | <u>2017-18</u> |
|--|------------|--------------------|----------------|
| a) Purchased from Electricity Board          |            |                    |                |
| Unit   | <b>KWH</b> | <b>1,81,830</b>    | 1,10,389       |
| Total Amount                                 | <b>Rs.</b> | <b>46,89,521</b>   | 42,54,320      |
| Rate / Unit                                  | <b>Rs.</b> | <b>25.79</b>       | 38.53          |
| b) Own Generation                            |            |                    |                |
| Through Diesel Generator Units               | <b>KWH</b> | <b>39,910</b>      | 51,900         |
| Unit per Litre of Diesel                     | <b>KWH</b> | <b>3.63</b>        | 3.38           |
| Diesel Cost per Unit                         | <b>Rs.</b> | <b>22.37</b>       | 18.04          |
| c) Consumed from generation / Windmill - own |            |                    |                |
| Unit   | <b>KWH</b> | <b>2,27,961</b>    | 3,31,553       |
| Total Amount                                 | <b>Rs.</b> | <b>14,24,756</b>   | 21,05,361      |
| Rate / Unit                                  | <b>Rs.</b> | <b>6.25</b>        | 6.35           |
| d) Purchased from CPP Power                  |            |                    |                |
| Unit   | <b>KWH</b> | <b>31,11,283</b>   | 29,94,642      |
| Total Amount                                 | <b>Rs.</b> | <b>1,88,19,185</b> | 1,60,21,335    |
| Rate / Unit                                  | <b>Rs.</b> | <b>6.05</b>        | 5.35           |

**B. CONSUMPTION PER UNIT OF PRODUCTION (Pertaining to Cotton Yarn)**

| Product (with Details)   | <b>OE COTTON YARN</b> |                |
|--|-----------------------|----------------|
| 100% Cotton Yarn (40s converted) Kgs.                                      | <b>6,60,347 Kgs</b>   | 6,89,680 Kgs   |
| Electricity per Kg of Production of Yarn Based on 40s Converted (in units) | <b>5.33 Unit / Kg</b> | 5.06 Unit / Kg |

**III. TECHNOLOGY ABSORPTION AND INNOVATION :**

Research and Development activities are carried out on an ongoing basis for improving the efficiency and also for improving quality of products.

**IV. FOREIGN EXCHANGE EARNINGS AND OUTGO :**

(Rs. in Lakhs)

| <b>Particulars</b> | <u>2018-19</u>   | <u>2017-18</u> |
|--------------------|------------------|----------------|
| a. Earnings        | <b>17,327.99</b> | 13,997.78      |
| b. Outgo           | <b>6,325.46</b>  | 5,127.71       |

**On Behalf of the Board,  
For POLYSPIN EXPORTS LIMITED,**

**S.V. RAVI**  
Director  
(DIN : 00121742)

**R.RAMJI**  
Managing Director & CEO  
(DIN : 00109393)

Place : Rajapalayam  
Date : 18.05.2019

## ANNEXURE VI TO DIRECTOR'S REPORT

Form No: MGT-9

## EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED 31/03/2019

[Pursuant to section 92(3) of Companies Act, 2013 and rule 12(1) of the Companies  
(Management and Administration) Rules, 2014)

## I. REGISTRATION AND OTHER DETAILS:

1. CIN : L51909TN1985PLC011683
2. Registration Date : 29.03.1985
3. Name of the Company : POLYSPIN EXPORTS LIMITED
4. Category / Sub-Category of the Company : Public Company / Company having Share Capital
5. Address of the Registered Office and Contact details : 351, P.A.C.R. Salai,  
Rajapalayam - 626 117.  
Phone : 04563 - 221554 / 284000 Fax : 04563 - 284505  
Email : polyspinexportscs@gmail.com  
Website : www.polyspin.org
6. Whether listed company : Yes
7. Registrar and Transfer Agency : M/s.Integrated Registry Management Services Private Limited,  
2<sup>nd</sup> Floor, Kences Tower,  
No.1, Ramakrishna Street, North Usman Road, T.Nagar,  
Chennai - 600 017.  
Phone No : 044 - 28140801 - 803.

## II. Principal Business Activities of the Company

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

| S.No. | Name and Description of main products / Services | NIC Code of the Product / Service | % to total turnover of the company |
|-------|--|-----------------------------------|------------------------------------|
| 1.    | FIBC Bags, Fabric & Yarn                         | 22209                             | 86.68                              |
| 2.    | Cotton Yarn                                      | 13111                             | 13.32                              |

## III. Particulars of Holding, Subsidiary and Associate Companies

| S.No. | Name & Address of the Company     | CIN / GLN | Holding / Subsidiary / Associates | % of share Held | Applicable Section |
|-------|-----------------------------------|-----------|-----------------------------------|-----------------|--------------------|
| 1.    | Lankaspin Private Ltd., Srilanka. | PV 2456   | Associate                         | 38.48           | 2(6)               |

## IV. Shareholding Pattern (Equity Share Capital Breakup as percentage of Total Equity)

## i) Category-wise Shareholding

| Category of Shareholding               | No. of Shares held at the beginning of the year |          |                |                  | No. of Shares held at the end of the year |          |                |                  | % change during the year |
|--|---|----------|----------------|------------------|---|----------|----------------|------------------|--------------------------|
|  | Demat   | Physical | Total          | % of Total Share | Demat                                     | Physical | Total          | % of Total Share |                          |
| <b>A. Promoters</b>                    |   |          |                |                  |   |          |                |                  |                          |
| 1) Indian                              |   |          |                |                  |   |          |                |                  |                          |
| a) Individual / Hindu Undivided Family | 1445305   | -        | <b>1445305</b> | <b>36.13</b>     | 1496644                                   | 1500     | <b>1498144</b> | <b>37.45</b>     | 1.32                     |
| b) Central Government                  | -   | -        | -              | -                | -   | -        | -              | -                | -                        |
| c) State Government(s)                 | -   | -        | -              | -                | -   | -        | -              | -                | -                        |
| d) Bodies Corporate                    | 364989  | -        | <b>364989</b>  | <b>9.12</b>      | 374739                                    | -        | <b>374739</b>  | <b>9.37</b>      | 0.25                     |
| e) Financial Institutions / Bank       | -   | -        | -              | -                | -   | -        | -              | -                | -                        |
| f) Any Other                           | -   | -        | -              | -                | -   | -        | -              | -                | -                        |
| <b>Sub Total (A)(1)</b>                | 1810294   | -        | <b>1810294</b> | <b>45.26</b>     | 1871383                                   | 1500     | <b>1872883</b> | <b>46.82</b>     | <b>1.56</b>              |

**POLYSPIN EXPORTS LIMITED**

| Category of Shareholding   | No. of Shares held at the beginning of the year |          |         |                  | No. of Shares held at the end of the year |          |         |                  | % change during the year |
|--|---|----------|---------|------------------|---|----------|---------|------------------|--------------------------|
|  | Demat   | Physical | Total   | % of Total Share | Demat                                     | Physical | Total   | % of Total Share |                          |
| <b>2) Foreign</b>  |   |          |         |                  |   |          |         |                  |                          |
| a) NRIs - Individual   | -   | -        | -       | -                | -   | -        | -       | -                | -                        |
| b) Other Individual  | -   | -        | -       | -                | -   | -        | -       | -                | -                        |
| c) Bodies Corporate  | -   | -        | -       | -                | -   | -        | -       | -                | -                        |
| d) Financial Institutions / Bank   | -   | -        | -       | -                | -   | -        | -       | -                | -                        |
| e) Any Other   | -   | -        | -       | -                | -   | -        | -       | -                | -                        |
| <b>Sub Total (A)(2)</b>  | -   | -        | -       | -                | -   | -        | -       | -                | -                        |
| <b>Total Shareholding of promoter (A) = (A)(1) + (A)(2)</b>                                | 1810294   | -        | 1810294 | 45.26            | 1871383                                   | 1500     | 1872883 | 46.82            | 1.56                     |
| <b>B. Public Shareholding</b>  |   |          |         |                  |   |          |         |                  |                          |
| 1) Institutions  |   |          |         |                  |   |          |         |                  |                          |
| a) Mutual Funds  | -   | -        | -       | -                | -   | -        | -       | -                | -                        |
| b) Financial Institutions / Banks  | -   | -        | -       | -                | -   | -        | -       | -                | -                        |
| c) Central Government  | -   | -        | -       | -                | -   | -        | -       | -                | -                        |
| d) State Government(s)   | -   | -        | -       | -                | -   | -        | -       | -                | -                        |
| e) Venture capital fund  | -   | -        | -       | -                | -   | -        | -       | -                | -                        |
| f) Insurance Companies   | -   | -        | -       | -                | -   | -        | -       | -                | -                        |
| g) Foreign Institutional Investors   | -   | -        | -       | -                | -   | -        | -       | -                | -                        |
| h) Foreign Venture Capital Fund  | -   | -        | -       | -                | -   | -        | -       | -                | -                        |
| i) Other (Specify)   | -   | -        | -       | -                | -   | -        | -       | -                | -                        |
| <b>Sub Total (B)(1)</b>  | -   | -        | -       | -                | -   | -        | -       | -                | -                        |
| <b>2) Non-Institutions</b>   |   |          |         |                  |   |          |         |                  |                          |
| a) <b>Bodies Corporate</b>   | 7261  | 13100    | 20361   | 0.51             | 45945                                     | 12100    | 58045   | 1.45             | 0.94                     |
| b) <b>Individuals</b>  |   |          |         |                  |   |          |         |                  |                          |
| i) Individual Shareholders holding nominal Share capital upto Rs. 1 Lakh                   | 598591  | 960780   | 1559371 | 38.98            | 764760                                    | 733280   | 1498040 | 37.45            | (1.53)                   |
| ii) Individual Shareholders holding nominal Share capital exceeding Rs.1 Lakh              | 452999  | -        | 452999  | 11.32            | 432511                                    | -        | 432511  | 10.81            | (0.51)                   |
| c) Qualified Foreign Investor  | -   | -        | -       | -                | -   | -        | -       | -                | -                        |
| d) <b>Any Others</b>   |   |          |         |                  |   |          |         |                  |                          |
| i) Clearing Member   | 5362  | -        | 5362    | 0.13             | 3889                                      | -        | 3889    | 0.10             | (0.03)                   |
| ii) Corporate CM / TM -Client Margin A/c   | 7998  | -        | 7998    | 0.20             | 1057                                      | -        | 1057    | 0.03             | (0.17)                   |
| iii) Corporate CM / TM -Proprietary Account A/c  | 8800  | -        | 8800    | 0.22             | -   | -        | -       | -                | (0.22)                   |
| iv) Foreign Port Folio Investor-Corporate  | 1640  | -        | 1640    | 0.04             | -   | -        | -       | -                | (0.04)                   |
| v) Corporate CM / TM Collateral Account  | -   | -        | -       | -                | -   | -        | -       | -                | -                        |
| vi) IEPF   | 133175  | -        | 133175  | 3.33             | 133575                                    | -        | 133575  | 3.34             | 0.01                     |
| <b>Sub Total (B)(2)</b>  | 1215826   | 973880   | 2189706 | 54.74            | 1381737                                   | 745380   | 2127117 | 53.18            | (1.56)                   |
| <b>B. Total Public Shareholding (B) = (B)(1) + (B)(2)</b>                                  | 1215826   | 973880   | 2189706 | 54.74            | 1381737                                   | 745380   | 2127117 | 53.18            | (1.56)                   |
| <b>C. Shares held by Custodians and against which Depository Receipts have been issued</b> |   |          |         |                  |   |          |         |                  |                          |
| i. Promoter and Promoter Group   | -   | -        | -       | -                | -   | -        | -       | -                | -                        |
| ii. Public   | -   | -        | -       | -                | -   | -        | -       | -                | -                        |
| <b>Grand Total (A) + (B) + (C)</b>   | 3026120   | 973880   | 4000000 | 100              | 3253120                                   | 746880   | 4000000 | 100              | -                        |

**ii) Shareholding of Promoters**

| S. No | Shareholder's Name           | Shareholding at the beginning of the year |                                  |  | Shareholding at the end of the year |                                  |  | % change in shareholding during the year |
|-------|------------------------------|---|----------------------------------|--|-------------------------------------|----------------------------------|--|--|
|       |                              | No. of Shares                             | % of total Shares of the Company | % of Shares pledged / encumbered to total shares | No. of Shares                       | % of total Shares of the Company | % of Shares pledged / encumbered to total shares |  |
| 1     | R. Ramji                     | 660857                                    | 16.52                            | -  | 692385                              | 17.31                            | -  | 0.79                                     |
| 2     | R. Durga                     | 345209                                    | 8.63                             | -  | 359759                              | 8.99                             | -  | 0.36                                     |
| 3     | Polyspin Private Limited     | 252800                                    | 6.32                             | -  | 260250                              | 6.51                             | -  | 0.19                                     |
| 4     | R. Sunethra                  | 127500                                    | 3.19                             | -  | 127500                              | 3.19                             | -  | -  |
| 5     | Chola Packaging Pvt. Limited | 82189                                     | 2.05                             | -  | 84489                               | 2.11                             | -  | 0.06                                     |
| 6     | S.R. Subramanian             | 90500                                     | 2.26                             | -  | 90500                               | 2.26                             | -  | -  |
| 7     | R. Vijayalakshmi             | 50100                                     | 1.25                             | -  | 50100                               | 1.25                             | -  | -  |
| 8     | R. Varun                     | 37642                                     | 0.94                             | -  | 37642                               | 0.94                             | -  | -  |
| 9     | Ganesh Agro Pack P. Limited  | 30000                                     | 0.75                             | -  | 30000                               | 0.75                             | -  | -  |
| 10    | V.S. Bakser Raja             | 20000                                     | 0.50                             | -  | 20000                               | 0.50                             | -  | -  |
| 11    | S. Sowmiya                   | 15999                                     | 0.40                             | -  | 15999                               | 0.40                             | -  | -  |
| 12    | R. Lakshmi                   | 13234                                     | 0.33                             | -  | 14300                               | 0.36                             | -  | 0.03                                     |
| 13    | R. Sakthikumar               | 17703                                     | 0.44                             | -  | 22898                               | 0.57                             | -  | 0.13                                     |
| 14    | S.V. Ravi                    | 6300                                      | 0.16                             | -  | 6800                                | 0.17                             | -  | 0.01                                     |
| 15    | R. Subbulakshmi              | 57261                                     | 1.43                             | -  | 57261                               | 1.43                             | -  | -  |
| 16    | Bhavana S. Lillardhar        | 3000                                      | 0.08                             | -  | 3000                                | 0.08                             | -  | -  |
|       |                              | <b>1810294</b>                            | <b>45.26</b>                     | <b>-</b>   | <b>1872883</b>                      | <b>46.82</b>                     | <b>-</b>   | <b>1.56</b>                              |

**iii) Change in Promoter's Shareholding**

| Shareholding   |                                  |                   | Increase / Decrease in Shareholding | Reason | Cumulative Shareholding during the year |                                  |
|--|----------------------------------|-------------------|-------------------------------------|--------|---|----------------------------------|
| No. of shares at the beginning (01.04.2018) / end of the year (31.03.2019) | % of total shares of the company | Date              |                                     |        | No. of Shares                           | % of total shares of the company |
| 1810294  | 45.26                            | 01.04.2018        |                                     |        |   |                                  |
|  |                                  | 31.03.2019        | 64089                               | ---    | <b>1874383</b>                          | <b>46.86</b>                     |
|  |                                  | 31.03.2019        | (1500)                              | ---    | <b>1872883</b>                          | <b>46.82</b>                     |
| <b>1872883</b>   | <b>46.82</b>                     | <b>31.03.2019</b> |                                     | ---    | <b>1872883</b>                          | <b>46.82</b>                     |

**iv) Shareholding pattern of top ten shareholders (Other than Directors, Promoters and Holders of GDRs & ADRs)**

| S. No. | Name   | Shareholding                                |                            | Increase / Decrease in Shareholding | Reason   | Cumulative Shareholding during the year |                            |
|--------|--|---|----------------------------|-------------------------------------|----------|---|----------------------------|
|        |  | No. of Shares at the beginning (01.04.2018) | % of Shares of the Company |                                     |          | No. of Shares                           | % of Shares of the Company |
| 1.     | Investor Education and Protection Fund Authority Ministry of Corporate Affairs | 133175                                      | 3.33                       | 400                                 | Transfer | 133575                                  | 3.34                       |
| 2.     | Mr. Raghvendra   | 91200                                       | 2.28                       | (26)                                | Sale     | 91174                                   | 2.28                       |
| 3.     | Devika Gopalan   | 55000                                       | 1.37                       | -                                   | -        | 55000                                   | 1.37                       |
| 4.     | Sriram V   | 55000                                       | 1.37                       | -                                   | -        | 55000                                   | 1.37                       |
| 5.     | Sriram V   | 55000                                       | 1.37                       | -                                   | -        | 55000                                   | 1.37                       |
| 6.     | Padma V  | 55000                                       | 1.37                       | -                                   | -        | 55000                                   | 1.37                       |
| 7.     | Kalpna Prakash Pandey  | 31032                                       | 0.77                       | -                                   | -        | 31032                                   | 0.77                       |
| 8.     | Mr. Arunaben Manheral Vakil  | 21441                                       | 0.53                       | 5                                   | Purchase | 21446                                   | 0.53                       |
| 9.     | Fernandes James Stephen  | 20700                                       | 0.52                       | 1784                                | Purchase | 22484                                   | 0.56                       |
| 10.    | Vijaya Raghavan G  | 18545                                       | 0.46                       | 3880                                | Purchase | 22425                                   | 0.56                       |

**POLYSPIN EXPORTS LIMITED**

**v) Shareholding of Directors and Key Managerial Personnel**

| S. No. | Name   | Shareholding                               |                            | Increase / Decrease in Shareholding | Reason   | Cumulative Shareholding during the year (01.04.2018 to 31.03.2019) |                            |
|--------|--|--|----------------------------|-------------------------------------|----------|--|----------------------------|
|        |  | No of Shares at the beginning (01.04.2018) | % of Shares of the Company |                                     |          | No. of Shares  | % of Shares of the Company |
| 1.     | Sri. R. Ramji Managing Director & CEO              | 660857                                     | 16.52                      | 31528                               | Purchase | 692385   | 17.31                      |
| 2.     | Sri. K. Lakshminarayan Director                    | 7500                                       | 0.19                       | ---                                 | Sale     | ---  | ---                        |
| 3.     | Sri. S.R. Subramanian Director                     | 90500                                      | 2.26                       | ---                                 | ---      | 90500  | 2.26                       |
| 4.     | Sri. P. Vaidyanathan Director                      | ---  | ---                        | ---                                 | ---      | ---  | ---                        |
| 5.     | Sri. A. Thiruppathy Raja Director                  | 500  | 0.01                       | ---                                 | ---      | 500  | 0.01                       |
| 6.     | Sri. S. Sankar Director                            | 1500                                       | 0.04                       | ---                                 | ---      | 1500   | 0.04                       |
| 7.     | Sri. S.V. Ravi Director                            | 6300                                       | 0.16                       | 500                                 | Purchase | 6800   | 0.17                       |
| 8.     | Smt. Durga Ramji Director                          | 345209                                     | 8.63                       | 14550                               | Purchase | 359759   | 8.99                       |
| 9.     | Sri. P.K. Ramasubramanian Company Secretary & CCO  | ---  | ---                        | ---                                 | ---      | ---  | ---                        |
| 10.    | Sri. B. Ponram Chief Operating Officer             | 1021                                       | 0.02                       | 1021                                | Sale     | ---  | ---                        |
| 11.    | Sri. S. Seenivasa Varathan Chief Financial Officer | 2345                                       | 0.06                       | ---                                 | ---      | 2345   | 0.06                       |

**vi) Indebtedness**

Indebtedness of the Company including interest outstanding / accrued but not due for payment.

|  | Secured Loans Excluding Deposits | Unsecured Loans | Deposits | Total Indebtedness |
|--|----------------------------------|-----------------|----------|--------------------|
| <b>Indebtedness at the beginning of the financial year</b> |                                  |                 |          |                    |
| <b>Rs. in Lakhs</b>  |                                  |                 |          |                    |
| i) Principal Amount  | 5297.01                          | 22.79           | -        | <b>5319.80</b>     |
| ii) Interest due but not paid                              | -                                | -               | -        | -                  |
| iii) Interest accrued but not due                          | -                                | -               | -        | -                  |
| <b>Total (i + ii + iii)</b>                                | <b>5297.01</b>                   | <b>22.79</b>    | <b>-</b> | <b>5319.80</b>     |
| <b>Change in Indebtedness during the financial year</b>    |                                  |                 |          |                    |
| Addition   | 2825.85                          | 19.30           | -        | <b>2845.15</b>     |
| Reduction  | (2037.48)                        | (11.93)         | -        | <b>(2049.41)</b>   |
| <b>Net Change</b>  | <b>788.37</b>                    | <b>7.37</b>     | <b>-</b> | <b>795.74</b>      |
| <b>Indebtedness at the end of the financial year</b>       |                                  |                 |          |                    |
| i) Principal Amount  | 6085.38                          | 30.16           | -        | <b>6115.54</b>     |
| ii) Interest due but not paid                              | -                                | -               | -        | -                  |
| iii) Interest accrued but not due                          | -                                | -               | -        | -                  |
| <b>Total (i + ii + iii)</b>                                | <b>6085.38</b>                   | <b>30.16</b>    | <b>-</b> | <b>6115.54</b>     |

**vii) Remuneration of Directors and Key Managerial Personnel**

A. Remuneration to Managing Director, Whole-time Directors and / or Manager :

| S.No.                  | Particulars of Remuneration  | Shri. R. Ramji, Managing Director | Total Amount  |
|------------------------|--|-----------------------------------|---------------|
| 1.                     | Gross Salary   | <b>Rs. in Lakhs</b>               |               |
| a.                     | Salary as per provisions contained in section 17 (1) of the Income - tax Act, 1961   | 118.08                            | 118.08        |
| b.                     | Value of perquisites u/s. 17 (2) Income - Tax Act, 1961  | 1.85                              | 1.85          |
| c.                     | Profit in lieu of Salary under Section 17 (3) Income - Tax Act, 1961   | -                                 | -             |
| 2.                     | Stock Option   | -                                 | -             |
| 3.                     | Sweat Equity   | -                                 | -             |
| 4.                     | Commission - as % of profit  | -                                 | -             |
| 5.                     | Others   | -                                 | -             |
|                        | <b>Total (A)</b>   | <b>119.93</b>                     | <b>119.93</b> |
| Ceiling as per the Act | Managing Director remuneration at 5% of net profit of the company and in case, no profit or inadequacy of profits, the Managing Director shall paid the minimum remuneration as per Section II Part II of Schedule V of the Companies Act, 2013. |                                   |               |

**B. Remuneration to Other Directors :**

| Particulars of Remuneration                | Name of the Directors    |                       |                      |                         |               |               |                  | Total Amount Rs. |
|--|--------------------------|-----------------------|----------------------|-------------------------|---------------|---------------|------------------|------------------|
|  | Sri. K.Lakshmi narayanan | Sri. S.R. Subramanian | Sri. P. Vaidyanathan | Sri. A.Thiruppathy Raja | Sri. S.Sankar | Sri. S.V.Ravi | Smt. Durga Ramji |                  |
| Fee for attending board Committee meetings | 25000                    | 32500                 | 32500                | 32500                   | 32500         | 32500         | 32500            | 220000           |
| Commission                                 | -                        | -                     | -                    | -                       | -             | -             | -                | -                |
| Others                                     | -                        | -                     | -                    | -                       | -             | -             | -                | -                |
| <b>Total (B)</b>                           | <b>25000</b>             | <b>32500</b>          | <b>32500</b>         | <b>32500</b>            | <b>32500</b>  | <b>32500</b>  | <b>32500</b>     | <b>220000</b>    |

**C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD (Rs. in Lakhs)**

| S.No. | Particulars of Remuneration  | Sri. P.K. Rama subramanian Company Secretary & CCO | Sri. B. Ponram COO | Sri. S. Seenivasa Varathan, CFO | Total Amount |
|-------|--|--|--------------------|---------------------------------|--------------|
| 1.    | Gross Salary   |  |                    |                                 |              |
| a.    | Salary as per provisions contained in section 17 (1) of the Income Tax Act, 1961 | 3.67   | 54.09              | 15.97                           | 73.73        |
| b.    | Value of perquisites u/s. 17 (2) Income Tax Act, 1961                            | -  | -                  | -                               | -            |
| c.    | Profit in lieu of Salary under Section 17 (3) Income Tax Act, 1961               | -  | -                  | -                               | -            |
| 2.    | Stock Option   | -  | -                  | -                               | -            |
| 3.    | Sweat Equity   | -  | -                  | -                               | -            |
| 4.    | Commission - as % of profit  | -  | -                  | -                               | -            |
| 5.    | Others   | -  | -                  | -                               | -            |
|       | <b>Total (C)</b>   | <b>3.67</b>  | <b>54.09</b>       | <b>15.97</b>                    | <b>73.73</b> |

**i) Penalties / Punishment / Compounding of Offences :**

| Type  | Section of the Companies Act | Brief Description | Details of Penalty / Punishment compounding fee imposed | Authority (IRD / NCLT / Court) | Appeal made, if any |
|---|------------------------------|-------------------|---|--------------------------------|---------------------|
| <b>A. Company</b><br>Penalty<br>Punishment<br>Compounding                   |                              |                   | NIL   |                                |                     |
| <b>B. Directors</b><br>Penalty<br>Punishment<br>Compounding                 |                              |                   | NIL   |                                |                     |
| <b>C. Other Officers in Default</b><br>Penalty<br>Punishment<br>Compounding |                              |                   | NIL   |                                |                     |

**On Behalf of the Board,  
For POLYSPIN EXPORTS LIMITED,**

**S.V. RAVI**  
Director  
(DIN : 00121742)

**R.RAMJI**  
Managing Director & CEO  
(DIN : 00109393)

Place : Rajapalayam

Date : 18.05.2019

## ANNEXURE VII TO DIRECTOR'S REPORT

## FORM AQC-1

(Pursuant to first proviso to sub-section(3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

**Statement containing salient features of the financial statement of subsidiaries or associate companies or joint ventures**

**Part A Subsidiaries – NIL**

**Part B Associates**

Statement Pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures:-

| Name of Associates   | Lankaspin Private Limited, Sri Lanka. |
|--|---------------------------------------|
| 1. Latest audited Balance Sheet Date   | 31 <sup>st</sup> March, 2019          |
| 2. Date on which the Associate was associated or acquired                              | 2004                                  |
| 3. Shares of Associate or Joint Ventures held by the company on the year end (Nos.)    | 13,01,119                             |
| Amount of Investment in Associates or Joint Venture                                    | Rs. 59,45,510                         |
| Extent of Holding (in percentage)  | 38.48%                                |
| 4. Description of how there is significant influence                                   | PROMOTER COMPANY                      |
| 5. Reason why the associate / joint venture is not consolidated                        | N.A                                   |
| 6. Net worth attributable to shareholding as per latest audited Balance Sheet (in INR) | Rs. 1,17,02,826                       |
| 7. Profit or Loss for the year (in INR)  | Rs. 37,43,579                         |
| i. Considered in Consolidation Share of profit   | Rs. 14,40,529                         |
| ii. Not Considered in Consolidation  | Rs. 23,03,050                         |

**On Behalf of the Board,  
For POLYSPIN EXPORTS LIMITED,**

Place : Rajapalayam  
Date : 18.05.2019

**S.V. RAVI**  
Director  
(DIN : 00121742)

**R. RAMJI**  
Managing Director & CEO  
(DIN : 00109393)

## ANNEXURE VIII TO DIRECTOR'S REPORT

## Directors'/Employees Remuneration

Pursuant to Section 197(12) of Companies Act, 2013 read with Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

- i. Ratio of the remuneration of each Director to the median remuneration of the employees and the percentage increase in remuneration of Managing Director, Company Secretary, CCO & Chief Financial Officer, in the financial year 2018-19 and the comparison of the remuneration of the Key Managerial Personnel against the performance of the company is as follows:

| Name of the Director & Designation        | Remuneration of Directors for the F.Y. 2018-19 (Rs. in Lakhs) | % increase in remuneration in the F.Y. 2018-19 | Ratio of remuneration of each Director / to median remuneration of employees |
|---|---|--|--|
| Shri. R. Ramji<br>Managing Director & CEO | 119.93  | 57.37  | 240.17   |

| Name of KMP & Designation                             | Remuneration of KMP for the F.Y. 2018-19 (Rs. in Lakhs) | % increase in remuneration in the F.Y. 2018-19 |
|---|---|--|
| Shri. P.K. Ramasubramanian<br>Company Secretary & CCO | 3.67  | --   |
| Shri. B. Ponram<br>Chief Operating Officer            | 54.09   | 11.28  |
| Shri. S. Seenivasa Varathan, CFO                      | 15.97   | (18.85)  |

- ii. In the financial year, there was an increase of 7.18 % in the median remuneration of employees.
- iii. There were 2377 permanent employees on the rolls of Company as on 31<sup>st</sup> March, 2019.
- iv. Relationship between average increase in remuneration and Company performance :  
The PBIDT of the Company has increased by 24.88%, Profit before tax increased at 44.42% and the Profit after tax increased at 48.46%, whereas the decrease in median remuneration was 17.24%. The average increase in median remuneration was in line with the performance of the Company.
- v. Comparison of the remuneration of the Key Managerial Personnel against the performance (PBT) of the Company:

| Name of Key Managerial Personnel                    | Increase / (Decrease) |                         |
|---|-----------------------|-------------------------|
|   | Remuneration (%)      | Company Performance (%) |
| Shri. R. Ramji, Managing Director & CEO             | 57.37                 | 44.42                   |
| Shri. P.K. Ramasubramanian, Company Secretary & CCO | -                     | 44.42                   |
| Shri. B. Ponram, Chief Operating Officer            | 11.28                 | 44.42                   |
| Shri S. Seenivasa Varathan, CFO                     | (18.85)               | 44.42                   |

- vi. Variations in the market capitalization of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer.

| Closing Market Price per Share in |                  | % Increase   | Price Earning Ratio |                  | Market Capitalization Rs. in Lakhs |                  |
|-----------------------------------|------------------|--------------|---------------------|------------------|------------------------------------|------------------|
| As on 31.03.2018                  | As on 31.03.2019 | % 31.03.2019 | As on 31.03.2018    | As on 31.03.2019 | As on 31.03.2018                   | As on 31.03.2019 |
| 114.50                            | 145.00           | 26.63        | 9.04                | 7.69             | 4580.00                            | 5800.00          |

The Company had allotted shares under its IPO in 1995 at the price of INR 10 per equity share. The company's shares are listed in BSE Ltd.

- vii. Average percentile increase made in the salaries of employees other than the managerial personnel in the financial year 2018-19 was 17.18% whereas the increase in the managerial remuneration for the same financial year was 57.37%, the increase in remuneration was in line with the performance of the Company, industrial standards and individual employee's performance. There is no exceptional circumstance for increase in the managerial remuneration.
- viii. Key parameters for the variable component of remuneration of Directors:  
None of the Directors received any remuneration other than sitting fees during the financial year 2018-19.
- ix. Ratio of the remuneration of the highest paid Director to that of the employees who are not Directors but receive remuneration in excess of the highest paid Director during the year:  
Not applicable since none of the Directors received any remuneration.
- x. It is hereby affirmed that the remuneration paid during the year 2018-19 is as per the Remuneration Policy of the Company:

**On Behalf of the Board,  
For POLYSPIN EXPORTS LIMITED,**

|  |  |  |
|--|--|--|
| Place : Rajapalayam<br>Date : 18.05.2019 | <b>S.V. RAVI</b><br>Director<br>(DIN : 00121742) | <b>R. RAMJI</b><br>Managing Director & CEO<br>(DIN : 00109393) |
|--|--|--|

## ANNEXURE IX TO DIRECTOR'S REPORT

### FORM AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

#### 1. Details of contracts or arrangements or transactions not at arm's length basis: Nil

|  |     |
|--|-----|
| a) Name(s) of the related party and nature of relationship   | Nil |
| b) Nature of Contracts / arrangement / transactions  | Nil |
| c) Duration of the Contracts / arrangements / transactions   | Nil |
| d) Salient terms of the contracts or arrangements or transactions including the value, if any                          | Nil |
| e) Justification for entering into such contracts or arrangements or transactions                                      | Nil |
| f) Date(s) of approval by the Board  | Nil |
| g) Amount paid as advance, if any  | Nil |
| h) Date on which the special resolution was passed in general meeting as required under first provision to Section 188 | Nil |

#### 2. Details of material contracts or arrangement or transaction at arm's length basis:

|   |   |
|---|---|
| a) Name (s) of the related party / Nature of relationship                                     | No Fresh Contract or agreement has been entered during the year |
| b) Nature of Contracts / arrangements / transactions  |   |
| c) Duration of the Contracts / arrangements / transactions                                    |   |
| d) Salient terms of the Contracts or arrangements or transactions including the value, if any |   |
| e) Date(s) of approval by the Board, if any   |   |
| f) Amount paid  |   |

**On Behalf of the Board,  
For POLYSPIN EXPORTS LIMITED,**

|  |  |  |
|--|--|--|
| Place : Rajapalayam<br>Date : 18.05.2019 | <b>S.V. RAVI</b><br>Director<br>(DIN : 00121742) | <b>R. RAMJI</b><br>Managing Director & CEO<br>(DIN : 00109393) |
|--|--|--|

## INDEPENDENT AUDITOR'S REPORT

**To the Members of M/s. Polyspin Exports Limited**  
**Report on the Standalone Ind AS Financial Statements**  
**Opinion**

We have audited the accompanying standalone Ind AS financial statements of **M/s. Polyspin Exports Limited ("the Company")** which comprises the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Ind AS and accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019 and profit, total comprehensive income, the changes in equity and its cash flows for the year ended on that date.

**Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone Ind AS financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Emphasis of Matter:**

- a. We draw attention to Note No.29.3 to the standalone financial statements, which describes the effect of a fire in the company's production facilities.
- b. We draw attention to Note No. 36.4 to the standalone financial statements, which describes non provision of interest on the amount payable to MSME creditors.

Our opinion is not modified in respect of these matters.

**Key Audit Matters :**

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the standalone Ind AS financial statements of the current period. These matters were addressed in the context of our audit of the Standalone Ind AS financial statements as a whole and informing our opinion thereon and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our Report

| Sl. No. | Key Audit Matter   | Auditor's Response   |
|---------|--|--|
| 1.      | <p><b>Accuracy of recognition, measurement, presentation and disclosures of revenues and other related balances in view of adoption of Ind AS 115 "Revenue from Contracts with Customers" (new revenue accounting standard)</b></p> <p>The application of the new revenue accounting standard involves certain key judgements relating to identification of distinct performance obligations, determination of transaction price of the identified performance obligations, the appropriateness of the basis used to measure revenue recognised over a period. Additionally, new revenue accounting standard contains disclosures which involves collation of information in respect of disaggregated revenue and periods over which the remaining performance obligations will be satisfied subsequent to the balance sheet date. Refer Note 2.4 to the Standalone Financial Statements</p> | <p><b>Principal Audit Procedures</b></p> <p>We assessed the Company's process to identify the impact of adoption of the new revenue accounting standard. Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows:</p> <ul style="list-style-type: none"> <li>• Evaluated the design of internal controls relating to implementation of the new revenue accounting standard.</li> <li>• Selected a sample of continuing and new contracts and tested the operating effectiveness of the internal control, relating to identification of the distinct performance obligations and determination of transaction price. We carried out a combination of procedures involving enquiry and observation, reperformance and inspection of evidence in respect of operation of these controls.</li> <li>• Tested the relevant information technology systems' access and change management controls relating to contracts and related information used in recording and disclosing revenue in accordance with the new revenue accounting standard.</li> <li>• Selected a sample of continuing and new contracts and performed the following procedures:</li> <li>• Read, analysed and identified the distinct performance obligations in these contracts.</li> <li>• Compared these performance obligations with that identified and recorded by the Company.</li> <li>• Considered the terms of the contracts to determine the transaction price including any variable consideration to verify the transaction price used to compute revenue and to test the basis of estimation of the variable consideration.</li> </ul> |

| Sl. No. | Key Audit Matter   | Auditor's Response   |
|---------|--|--|
|         |  | <ul style="list-style-type: none"> <li>• Samples in respect of revenue recorded for time and material contracts were tested using a combination of approved time sheets including customer acceptances, subsequent invoicing and historical trend of collections and disputes.</li> <li>• In respect of samples relating to fixed price contracts, progress towards satisfaction of performance obligation used to compute recorded revenue was verified with actual and estimated efforts from the time recording and budgeting systems. We also tested the access and change management controls relating to these systems.</li> <li>• Sample of revenues disaggregated by type and service offerings was tested with the performance obligations specified in the underlying contracts.</li> <li>• Performed analytical procedures for reasonableness of revenues disclosed by type and service offerings.</li> <li>• We reviewed the collation of information and the logic of the report generated from the budgeting system used to prepare the disclosure relating to the periods over which the remaining performance obligations will be satisfied subsequent to the balance sheet date.</li> </ul> |
| 2.      | <p><b>Evaluation of uncertain tax positions</b></p> <p>The Company has material uncertain tax positions including matters under dispute which involves significant judgment to determine the possible outcome of these disputes.</p> <p>Refer Note 36.3 to the Standalone Financial Statements</p> | <p><b>Principal Audit Procedures</b></p> <p>Obtained details of completed tax assessments and demands for the year ended March 31, 2019 from management. We involved our expertise to challenge the management's underlying assumptions in estimating the tax provision and the possible outcome of the disputes. Our internal experts also considered legal precedence and other rulings in evaluating management's position on these uncertain tax positions. Additionally, we considered the effect of new information in respect of uncertain tax positions as at April 1, 2018 to evaluate whether any change was required to management's position on these uncertainties</p>  |
| 3.      | <p><b>Recoverability of Indirect tax receivables</b></p> <p>As at March 31, 2019, other current assets in respect of withholding tax, GST and CESAT appeal Duty of Rs.26.73 lakhs which are pending adjudication.</p> <p>Refer Note 12 to the Standalone Financial Statements.</p>                 | <p><b>Principal Audit Procedures</b></p> <p>We have involved our expertise to review the nature of the amounts recoverable, the sustainability and the likelihood of recoverability upon final resolution.</p>   |

**Information Other than the Standalone Financial Statements and Auditor's Report Thereon**

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of Management and Those Charged with Governance for the Standalone Ind AS Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance, including other comprehensive income, changes in equity and cash flows of the Company in accordance with accounting principles generally accepted in India, including Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of

accounting unless management either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the company's financial reporting process.

**Auditor's Responsibilities for the Audit of Standalone IndAS Financial Statement**

Our objectives are to obtain reasonable assurance about whether the Standalone Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone Ind AS financial statements.

A further description of the auditor's responsibilities for the audit of the standalone Ind AS financial statements is included in Annexure A. This description forms part of our auditor's report.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement deal with by this Report are in agreement with the books of account.

- d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
- e) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the Internal Financial Control with reference to Financial Statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure C"
- g) In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197(16) of the Act.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i) The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 36.3 to the Standalone IndAS financial statements;
  - ii) The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 30.2 to the Ind AS financial statements;
  - iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

**For M/s. SRITHAR & ASSOCIATES**  
CHARTERED ACCOUNTANTS  
Firm Registration No. 015896S

**(S. SRITHAR)**  
Membership No. 209047

Place : Rajapalayam  
Date : 18.05.2019

**ANNEXURE - A**

**Responsibilities for Audit of Standalone Ind AS Financial Statement**

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has internal financial controls with reference to Financial Statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone Ind AS financial statements or if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern. Evaluate the overall presentation, structure and content of the standalone Ind AS financial statements, including the disclosures and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards.
- From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone Ind AS financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**For M/s. SRITHAR & ASSOCIATES**  
CHARTERED ACCOUNTANTS  
Firm Registration No. 015896S

Place : Rajapalayam  
Date : 18.05.2019

**(S. SRITHAR)**  
Membership No. 209047

**ANNEXURE -B TO INDEPENDENT AUDITOR'S REPORT**

**Annexure referred to in paragraph 1 of our Report of even date to the members of Polyspin Exports Limited on the accounts of the Company for the year ended 31<sup>st</sup>March 2019**

In terms of Companies (Auditor's Report) Order 2016, issued by Central Government of India, in terms of Section 143(11) of The Companies Act, 2013, we further report, on the matters specified in paragraph 3 and 4 of the said Order, that:-

**1. FIXED ASSET**

- i) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- ii) The Company has instituted a programme of physically verifying its fixed assets in a phased manner over a period of three years. In accordance with this programme, scheduled fixed assets were verified during the year and no material discrepancies were noticed during such verification.
- iii) According to the information and explanations given to us and on the basis of our examination of the records of the company, the title deeds of immovable properties are held in the name of the company

**2. INVENTORIES**

The management has conducted physical verification of its inventories at reasonable intervals during the year. No material discrepancies were noticed during such verification; the discrepancies wherever noticed were accounted for appropriately in the books of account.

**3. LOANS TO PARTIES LISTED U/S 189 OF THE ACT**

The Company has not granted any loans, secured or unsecured, to parties covered in register maintained under Section 189 of the Companies Act, 2013.

**4. COMPLIANCE WITH SECTIONS 185 & 186 OF THE ACT**

i) In connection with matters specified u/s 185 of the act, the Company has not advanced any loans, directly or indirectly, to any of its directors or to any other person in whom the directors are interested, or has given any guarantee or provided security in connection with any loan taken by any other person.

ii) The company has not made any investments in any other companies within the meaning of section 186(1) of the act.

iii) In connection with matters specified under section 186(2) of the act, the company has not advanced any loans, directly or indirectly, to any person or body corporate or has given any guarantee or provided security in connection with any loan taken by any other body corporate or any other person or acquired any securities of companies in excess of limits stipulated.

5. The Company has not accepted any deposits from the public.

6. The Central Government has not stipulated the maintenance of Cost Records, under section 148(1) of the act, for the industry within which the company operates.

**7. STATUTORY DUES**

i) According to the records maintained by the company and the information and explanations given to us, the company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, VAT / Sales Tax, GST, Duty of Customs, Service Tax, Cess.

ii) According to the records maintained by the company and the information and explanations given to us, there were no arrears of undisputed statutory dues, in respect of provident fund, income tax, sales tax, value added tax, GST, duty of customs, service tax, cess which remained outstanding as at 31<sup>st</sup> March 2019, for a period of more than six months from the date they became payable.

iii) According to the records of the company and the information and explanations given to us, the disputed statutory dues relating to Central excise duty under the Central Excise act, 1944, pertaining to earlier years aggregating to Rs. 487.72 Lakhs on account of matters pending before appropriate authorities is as under and for which no provision had been made in the accounts.

| Name of the Statute      | Nature of the Dues | Forum where the dispute is pending                     | Period                         | Amount (Rs. in Lakhs) |
|--------------------------|--------------------|--|--------------------------------|-----------------------|
| Central Excise Act, 1944 | Excise Duty        | Commissioner of Central Excise, Madurai.               | June 2008 To March, 2013       | 71.71                 |
| Central Excise Act, 1944 | Excise Duty        | Commissioner of Central Excise, Madurai.               | January, 2009 To March, 2013   | 129.11                |
| Central Excise Act, 1944 | Excise Duty        | Assistant Commissioner of Central Excise, Rajapalayam. | April, 2010 To March, 2011     | 3.69                  |
| Central Excise Act, 1944 | Excise Duty        | Assistant Commissioner of Central Excise, Rajapalayam. | April, 2013 To December, 2014  | 70.11                 |
| Central Excise Act, 1944 | Excise Duty        | Assistant Commissioner of Central Excise, Rajapalayam. | April, 2014 To September, 2014 | 30.04                 |
| Central Excise Act, 1944 | Excise Duty        | Assistant Commissioner of Central Excise, Rajapalayam. | October, 2014 To March, 2015   | 30.23                 |
| Central Excise Act, 1944 | Excise Duty        | Assistant Commissioner of Central Excise, Rajapalayam. | April, 2015 To September, 2015 | 25.24                 |
| Central Excise Act, 1944 | Excise Duty        | Assistant Commissioner of Central Excise, Rajapalayam. | October, 2015 To March, 2016   | 33.51                 |
| Central Excise Act, 1944 | Excise Duty        | Commission of Central Excise, Trichy.                  | April, 2016 To March, 2017     | 94.08                 |
| <b>TOTAL</b>             |                    |  |                                | <b>487.72</b>         |

8. The Company has not defaulted in the repayment of any dues to a financial institution, bank or government or debenture holders.

9. Term loans were utilised for the purposes for which they were obtained.

10. Based upon the audit procedures performed and information and explanations given to us by the management, no fraud by the company or on the Company by its officers or employees have been noticed or reported during the course of our audit.

11. According to the information and explanations given to us and based on our examination of the records of the company, the company has paid / provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

12. The provisions of section 406(1) of the act do not apply to the company.

13. The transactions entered into with related parties are in compliance with requirements of sections 177 & 188 of the act and the details have been disclosed in the financial statements etc., as required by the applicable accounting standards.

14. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

15. The Company has not entered into any non-cash transactions with directors or persons connected with directors, during the year.

16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

**For M/s. SRITHAR & ASSOCIATES**  
 CHARTERED ACCOUNTANTS  
 Firm Registration No. 015896S

Place : Rajapalayam  
 Date : 18.05.2019

**(S. SRITHAR)**  
 Membership No. 209047

**ANNEXURE–C TO THE INDEPENDENT AUDITOR'S REPORT**

[Referred to in paragraph 2(g) under 'Report on Other Legal and Regulatory Requirements' in our Independent Auditor's Report of even date, to the members of the company on the Standalone IND AS financial statements for the year ended 31st March, 2019]

Report on the Internal Financial Controls over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of the company as of 31<sup>st</sup> March, 2019, in conjunction with our audit of the Standalone IND AS financial statements of the company for the year ended on that date.

**MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS**

The respective Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the company, considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information, as required under the Act.

**AUDITOR'S RESPONSIBILITY**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing specified under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the

assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Holding Company's internal financial controls system over financial reporting.

**MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

1. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
2. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
3. Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

**INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial controls over financial reporting may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

**OPINION**

In our opinion, the company in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2019, based on the internal control over financial reporting criteria established by the company, considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

**For M/s. SRITHAR & ASSOCIATES**  
CHARTERED ACCOUNTANTS  
Firm Registration No. 015896S

Place : Rajapalayam  
Date : 18.05.2019

**(S. SRITHAR)**  
Membership No. 209047

**POLYSPIN EXPORTS LIMITED**

**BALANCE SHEET as at 31<sup>st</sup> March, 2019**

| Particulars                          | Note No. | As at 31.03.2019<br>Rs.     | As at 31.03.2018<br>Rs.     |
|--------------------------------------|----------|-----------------------------|-----------------------------|
| <b><u>ASSETS</u></b>                 |          |                             |                             |
| <b>Non-current assets</b>            |          |                             |                             |
| Property, Plant and Equipment        | 3        | 38,22,07,183                | 38,19,13,571                |
| Capital work-in-progress             | 3        | 6,66,39,385                 | 25,47,129                   |
| Other Intangible assets              | 3        | 2,20,513                    | 3,90,291                    |
| Financial Assets                     |          |                             |                             |
| i) Other Investments                 | 4        | 66,92,210                   | 67,12,010                   |
| ii) Others Financial Assets          | 5        | 1,00,52,178                 | 1,10,97,241                 |
| Other non-current assets             | 6        | 61,83,383                   | 10,05,935                   |
|                                      |          | <u>47,19,94,852</u>         | <u>40,36,66,177</u>         |
| <b>Current assets</b>                |          |                             |                             |
| Inventories                          | 7        | 26,71,66,175                | 24,33,14,187                |
| Financial Assets                     |          |                             |                             |
| i) Trade receivables                 | 8        | 21,19,88,622                | 24,80,68,911                |
| ii) Cash and cash equivalents        | 9        | 2,62,35,795                 | 1,59,16,505                 |
| iii) Other Bank Balance              | 10       | 9,00,90,335                 | 3,65,12,201                 |
| iv) Other Financial Assets           | 11       | 8,26,06,117                 | 6,13,17,212                 |
| Current Tax Assets (Net)             |          | 2,47,97,123                 | 1,30,56,008                 |
| Other Current assets                 | 12       | 2,79,75,300                 | 2,02,94,212                 |
|                                      |          | <u>73,08,59,467</u>         | <u>63,84,79,236</u>         |
| <b>Total Assets</b>                  |          | <u><u>120,28,54,319</u></u> | <u><u>104,21,45,413</u></u> |
| <b><u>EQUITY AND LIABILITIES</u></b> |          |                             |                             |
| <b>EQUITY</b>                        |          |                             |                             |
| Equity Share capital                 | 13       | 4,00,00,000                 | 4,00,00,000                 |
| Other Equity                         | 14       | 28,96,07,571                | 21,98,11,559                |
| <b>LIABILITIES</b>                   |          |                             |                             |
| <b>Non-current liabilities</b>       |          |                             |                             |
| Financial Liabilities                |          |                             |                             |
| i) Borrowings                        | 15       | 11,27,62,407                | 8,82,36,698                 |
| Deferred tax liabilities (Net)       | 16       | 3,86,43,000                 | 3,51,83,000                 |
|                                      |          | <u>15,14,05,407</u>         | <u>12,34,19,698</u>         |
| <b>Current liabilities</b>           |          |                             |                             |
| Financial Liabilities                |          |                             |                             |
| i) Borrowings                        | 17       | 44,93,71,360                | 41,05,43,081                |
| ii) Trade Payables                   | 18       | 15,83,77,118                | 15,84,46,556                |
| iii) Other Financial Liabilities     | 19       | 3,02,36,977                 | 3,24,00,220                 |
| Other current liabilities            | 20       | 5,19,55,886                 | 3,49,24,299                 |
| Provisions                           | 21       | 3,19,00,000                 | 2,26,00,000                 |
|                                      |          | <u>72,18,41,341</u>         | <u>65,89,14,156</u>         |
| <b>Total Equity and Liabilities</b>  |          | <u><u>120,28,54,319</u></u> | <u><u>104,21,45,413</u></u> |

As per our report of even date  
**M/s. SRITHAR & ASSOCIATES**  
Chartered Accountants  
Firm Registration No. 015896S

**S. SRITHAR**  
Membership No. 209047

Rajapalayam  
18.05.2019

**R. RAMJI**  
Managing Director & CEO  
  
**P.K. RAMASUBRAMANIAN**  
Secretary

**S. SEENIVASA VARATHAN**  
CFO  
34

**S.R. SUBRAMANIAN**  
**P. VAIDYANATHAN**  
**A. THIRUPPATHY RAJA**  
**S. SANKAR**  
**S.V. RAVI**  
Directors

**POLYSPIN EXPORTS LIMITED**

**STATEMENT OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st March, 2019**

| Particulars   | Note<br>No. | For the year ended<br>31.03.2019<br>Rs. | For the year ended<br>31.03.2018<br>Rs. |
|---|-------------|---|---|
| <b>INCOME</b>   |             |   |   |
| Revenue from Operations   | 22          | 212,02,83,432                           | 180,99,93,737                           |
| Other Income  | 23          | 2,85,24,107                             | 44,56,218                               |
| <b>Total Income</b>   |             | <b>214,88,07,539</b>                    | <b>181,44,49,955</b>                    |
| <b>EXPENSES</b>   |             |   |   |
| Cost of Raw Material consumed                                   | 24          | 125,89,77,284                           | 107,84,15,858                           |
| Changes in / Inventories of Finished Goods,<br>Stock-in-Process | 25          | 1,75,42,517                             | (1,56,23,171)                           |
| Employee Benefit Expenses                                       | 26          | 30,69,82,009                            | 26,56,36,677                            |
| Finance Costs   | 27          | 4,66,65,218                             | 4,45,78,795                             |
| Depreciation & Amortisation Expenses                            |             | 3,03,15,380                             | 2,89,63,377                             |
| Other Expenses  | 28          | 37,98,89,313                            | 33,60,70,396                            |
| <b>Total Expenses</b>   |             | <b>204,03,71,721</b>                    | <b>173,80,41,932</b>                    |
| <b>Profit before Exceptional Items and Tax</b>                  |             | <b>10,84,35,818</b>                     | 7,64,08,023                             |
| Exceptional Items   |             | ----                                    | ----                                    |
| <b>Profit before Tax</b>  |             | <b>10,84,35,818</b>                     | 7,64,08,023                             |
| Tax Expenses:-  |             |   |   |
| - Current Tax   |             | 3,19,00,000                             | 2,26,00,000                             |
| - Deferred Tax  |             | 34,60,000                               | 36,00,000                               |
|   |             | <b>7,30,75,818</b>                      | <b>5,02,08,023</b>                      |
| <b>Profit after Tax</b>   |             |   |   |
| <b>Other Comprehensive Income</b>                               |             |   |   |
| Items that will not be reclassified to Profit or loss           |             |   |   |
| - Remeasurement gains/(losses) on defined benefit plan (net)    |             | 23,09,484                               | 1,51,141                                |
| <b>Total Comprehensive Income</b>                               |             | <b>7,53,85,302</b>                      | <b>5,03,59,164</b>                      |
| Earnings per Share (Basic)                                      |             | <b>18.85</b>                            | 12.59                                   |
| Face Value of Rs. 10/- each                                     |             |   |   |

As per our report of even date  
**M/s. SRITHAR & ASSOCIATES**  
Chartered Accountants  
Firm Registration No. 015896S

**S. SRITHAR**  
Membership No. 209047  
Rajapalayam  
18.05.2019

**R. RAMJI**  
Managing Director & CEO

**P.K. RAMASUBRAMANIAN**  
Secretary

**S. SEENIVASA VARATHAN**  
CFO

**S.R. SUBRAMANIAN**  
**P. VAIDYANATHAN**  
**A. THIRUPATHY RAJA**  
**S. SANKAR**  
**S.V. RAVI**  
Directors

**POLYSPIN EXPORTS LIMITED**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st March, 2019**

(Rupees in Lakhs)

| Particulars  | 2018 - 2019      | 2017 - 2018     |
|--|------------------|-----------------|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>                    |                  |                 |
| Profit before Tax  | <b>1084.36</b>   | <b>764.08</b>   |
| Adjustment for :   |                  |                 |
| Depreciation & Amortisation Expenses                             | <b>303.15</b>    | 289.63          |
| Loss on sale of assets   | <b>8.44</b>      | 11.02           |
| (Profit on sale of assets)                                       | ---              | (4.55)          |
| Loss of Factory Building (Fire Accident)                         | <b>56.69</b>     | ---             |
| Interest Expenses  | <b>466.65</b>    | 445.78          |
| Interest Income  | <b>(43.31)</b>   | (28.70)         |
| Dividend Income  | <b>(0.37)</b>    | (0.37)          |
|  | <b>791.25</b>    | <b>712.81</b>   |
| <b>Operating Profit before working Capital</b>                   | <b>1875.61</b>   | 1476.89         |
| Adjustment for Changes in  |                  |                 |
| (Increase) / Decrease in Inventories                             | <b>(238.52)</b>  | (385.19)        |
| (Increase) / Decrease in Trade receivables                       | <b>360.80</b>    | (631.40)        |
| (Increase) / Decrease in Other Financial Assets                  | <b>10.45</b>     | 16.13           |
| (Increase) / Decrease in Other non current assets                | <b>(51.77)</b>   | (8.53)          |
| (Increase) / Decrease in Other current assets                    | <b>(76.81)</b>   | 213.92          |
| (Increase) / Decrease in Other current financial assets          | <b>(212.89)</b>  | (367.31)        |
| Increase / (Decrease) in Trade Payables                          | <b>(0.69)</b>    | 143.87          |
| Increase / (Decrease) in Other Financial liabilities             | <b>(21.63)</b>   | 98.21           |
| Increase / (Decrease) in In Other current liabilities            | <b>170.31</b>    | (116.34)        |
| Increase / (Decrease) in Provisions                              | <b>(186.31)</b>  | 63.86           |
|  | <b>(247.06)</b>  | <b>(972.78)</b> |
| Cash generated from operations                                   | <b>1628.55</b>   | <b>504.11</b>   |
| Income taxes paid  | <b>(341.25)</b>  | <b>(199.32)</b> |
| <b>Net Cash from Operating Activities (A)</b>                    | <b>1287.30</b>   | 304.79          |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>                    |                  |                 |
| Purchase of fixed assets / WIP                                   | <b>(1013.36)</b> | (209.29)        |
| Proceeds from sale of fixed assets                               | <b>2.92</b>      | 43.46           |
| Dividend Receipts  | <b>0.37</b>      | 0.37            |
| Interest Receipts  | <b>43.31</b>     | 28.70           |
| Investments in Term Deposits with banks                          | <b>(535.78)</b>  | (104.71)        |
|  | <b>(1502.54)</b> | <b>(241.47)</b> |
| <b>Net Cash Used In Investing Activities (B)</b>                 | <b>(1502.54)</b> | <b>(241.47)</b> |
| <b>C. CASH FLOW FROM FINANCIAL ACTIVITIES</b>                    |                  |                 |
| Proceeds from is usance of Share Capital                         | ---              | ---             |
| Proceeds from share premium                                      | ---              | ---             |
| Proceeds / (Repayment) of long term borrowings                   | <b>245.25</b>    | (319.53)        |
| Borrowings for working capital purposes                          | <b>388.28</b>    | 791.88          |
| Investment in Subsidiaries / Associates                          | <b>0.20</b>      | (1.26)          |
| Interest Expenses  | <b>(466.65)</b>  | (445.78)        |
| Dividend paid (Including Tax on Dividend)                        | <b>(55.03)</b>   | (52.92)         |
|  | <b>112.05</b>    | <b>(27.61)</b>  |
| <b>Net Cash Used In Financial Activities (C)</b>                 | <b>112.05</b>    | (27.61)         |
| <b>D. Net Increase in Cash and Cash Equivalents</b>              |                  |                 |
| <b>(A) + (B) + (C)</b>   | <b>(103.19)</b>  | 35.71           |
| Cash and Cash equivalents as at 01.04.2018                       | 159.16           | 194.87          |
| Cash and Cash equivalents as at 31.03.2019                       | 262.35           | 159.16          |
| <b>E. Net (Increase) / Decrease in Cash and Cash Equivalents</b> | <b>103.19</b>    | (35.71)         |

As per our report of even date  
**M/s.SRITHAR & ASSOCIATES**  
Chartered Accountants  
Firm Registration No. 015896S

**S. SRITHAR**  
Membership No. 209047

Rajapalayam  
18.05.2019

**R. RAMJI**  
Managing Director & CEO

**P.K. RAMASUBRAMANIAN**  
Secretary

**S. SEENIVASA VARATHAN**  
CFO

**S.R. SUBRAMANIAN**  
**P. VAIDYANATHAN**  
**A. THIRUPPATHY RAJA**  
**S. SANKAR**  
**S.V. RAVI**  
Directors

**POLYSPIN EXPORTS LIMITED**

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31st March, 2019**

**A. EQUITY SHARE CAPITAL**

Rs.

|   |                    |
|---|--------------------|
| <b>Balance as at 01.04.2017</b>                         | <b>4,00,00,000</b> |
| Changes in Equity Share Capital during the year 2017-18 | ----               |
| <b>Balance as at 31.03.2018</b>                         | <b>4,00,00,000</b> |
| Changes in Equity Share Capital during the year 2018-19 | ----               |
| <b>Balance as at 31.03.2019</b>                         | <b>4,00,00,000</b> |

**B. OTHER EQUITY**

| Particulars   | Reserves and Surplus (Rs.) |                      |                     |
|---|----------------------------|----------------------|---------------------|
|   | General Reserve            | Retained Earnings    | Total               |
| <b>Other Equity as at 01.04.2017</b>                | <b>16,61,00,000</b>        | <b>87,07,731</b>     | <b>17,48,07,731</b> |
| Add : Profit / (Loss) for the year                  | ----                       | 5,02,08,023          | 5,02,08,023         |
| Add : Other Comprehensive Income                    | ----                       | 1,68,297             | 1,68,297            |
| Add : Provision for Taxation Previous Year 2015-16  | ----                       | 7,02,521             | 7,02,521            |
| Less : Provision for Taxation Previous Year 2016-17 | ----                       | 1,61,812             | 1,61,812            |
| Less : Provision for Taxation Previous Year 2017-18 | ----                       | 6,21,430             | 6,21,430            |
| Less : Dividend Paid                                | ----                       | 43,14,604            | 43,14,604           |
| Less : Dividend tax Paid                            | ----                       | 9,77,167             | 9,77,167            |
| Transfer to General Reserve                         | 4,39,00,000                | <b>(4,39,00,000)</b> | ----                |
| <b>Other Equity as at 31.03.2018</b>                | <b>21,00,00,000</b>        | <b>98,11,559</b>     | <b>21,98,11,559</b> |
| Add : Profit / (Loss) for the year                  | ----                       | 7,30,75,818          | <b>7,30,75,818</b>  |
| Add : Other Comprehensive Income                    | ----                       | 23,09,484            | <b>23,09,484</b>    |
| Less : Provision for Taxation Previous Years        | ----                       | 86,283               | <b>86,283</b>       |
| Less : Dividend Paid                                | ----                       | 45,25,840            | <b>45,25,840</b>    |
| Less : Dividend tax paid                            | ----                       | 9,77,167             | <b>9,77,167</b>     |
| Transfer to General Reserve                         | 7,00,00,000                | (7,00,00,000)        | ----                |
| <b>Other Equity as at 31.03.2019</b>                | <b>28,00,00,000</b>        | <b>96,07,571</b>     | <b>28,96,07,571</b> |

As per our report of even date  
**M/s.SRITHAR & ASSOCIATES**  
 Chartered Accountants  
 Firm Registration No. 015896S

**S. SRITHAR**  
 Membership No. 209047  
 Rajapalayam  
 18.05.2019

**R. RAMJI**  
 Managing Director & CEO

**P.K. RAMASUBRAMANIAN**  
 Secretary

**S. SEENIVASA VARATHAN**  
 CFO

**S.R. SUBRAMANIAN**  
**P. VAIDYANATHAN**  
**A. THIRUPATHY RAJA**  
**S. SANKAR**  
**S.V. RAVI**  
 Directors

**NOTES FORMING PART OF ACCOUNTS:**

**1. General Information:**

Polyspin Exports Limited (PEL or the Company) is a Public Limited Company incorporated in India. PEL's shares are listed on Bombay Stock Exchange and the Scrip Code is 539354. The address of the Registered office is 351, P.A.C.R. Salai, Rajapalayam – 626 117, Tamilnadu.

The company was incorporated in 1985 and commenced commercial production during 1990.

The company is engaged in Manufacture of FIBC bags, PP Fabric, PP yarn, Paper bags, etc., with an installed capacity of 10800 MTS per annum and manufacturer of OE yarn with an installed capacity of 1528 Rotors. The company's FIBC bags are primarily exported to U.S.A, Europe and African Countries and OE Yarn mainly caters to the domestic market.

These financial statements were approved for issue by the board of directors of the company on 18<sup>th</sup> May, 2019.

**2. Significant Accounting Policies:-**

**2.1: Statement of Compliance:-**

These financial statements have been prepared in accordance with the Indian Accounting Standards ("IND AS") prescribed under section 133 of the companies Act, 2013 (the Act) read with Rule 3 of the companies (Indian Accounting Standards) Rules, 2015 as amended from time to time.

**2.2: Basis of Preparation:-**

These financial statements have been prepared on the historical cost basis except for certain financial instruments and defined benefit plans that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In measuring fair value of an asset or liability, the company takes into account those characteristics of the asset or liability that market participants would take into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes fair value measurements are categorized into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:-

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

- Level 2 inputs are inputs, other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

**Functional and presentational currency:**

These financial statements are presented in Indian Rupee (INR) which is also the functional Currency. Unless otherwise stated, all amounts are rounded off to the nearest rupee.

**Use of Estimates and Judgments:-**

The preparation of Financial Statements in conformity with IND AS requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future period affected. Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the accounting policies and / or the notes to the financial statements.

**2.3 Current versus Non-Current Classification:-**

The company presents assets and liabilities in the balance sheet based on Current / Non-Current classification. An asset is treated as current when it is:-

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cost or cost equivalent unless restricted from being exchanged or used to settle a liability for atleast twelve months after the reporting period.

**All other assets are classified as Non-Current**

A Liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for atleast twelve months after the reporting period

**All other liabilities are classified as Non-Current**

The company has deemed its operating cycle as twelve months for the purpose of Current / Non-Current classification.

## 2.4 Revenue recognition:-

### a. Sale of Goods:-

Revenue from sale of goods is recognized when the company has transferred to the buyer the significant risks and rewards of ownership of the goods, it no longer retains control over the goods sold, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the company and the cost incurred or to be incurred in respect of the transaction can be measured reliably. Sale of goods is recognized gross of excise duty but net of other taxes collected on behalf of third parties.

### b. Power generated from windmill:-

Power generated from windmill that are covered under wheeling and Banking arrangement with TANGEDCO and the same were consumed at factories. The monetary values of such power generated that are captively consumed are not recognized as revenue for the company

### c. Scrap Sale:-

Scrap sale is recognized at the fair value of consideration received or receivables upon transfer of significant risk and rewards. It comprises of invoice value of goods including excise duty excluding applicable taxes on sale.

### d. Dividend Income

Dividend Income from investment in shares of corporate bodies is accounted when the company's right to receive the dividend is established

### e. Interest Income

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably. Interest income is accrued on a time proposition basis, by reference to the principal outstanding and the effect interest rate applicable, which is the rate exactly discounts estimated future cash receipts through the expected life of financial assets to that assets net carrying amount on initial recognition.

### f. Export Incentive:-

Export Incentive on account of Merchandise exports from India Scheme (MEIS) are accrued in the year when the right to receive as per the terms of the scheme is established in respect of exports made and accounted to the extent, there is no uncertainty about its ultimate collection.

## 2.5 Property, Plant and Equipment:

Property, Plant and Equipment are stated at cost, less accumulated depreciation /amortization and impairment losses if any, except freehold land which is carried at cost. Cost comprises of purchase price, import duties, levies and any attributable cost of bringing the assets on its working condition for the intended use.

For transition to IND AS, the company has elected to continue the carrying value of all of its property, plant and equipment recognized as at 1<sup>st</sup> April, 2016 (IND AS transition date) measured as per the previously applicable Indian GAAP and used that carrying value as its deemed cost as at the INDAS transition date.

When each major expenses on fixed assets, day to day repair and maintenance expenditure and cost of replacing parts that does not meet the capitalization criteria in accordance with IND AS 16 are charged to statement of Profit and Loss for the period during which such expenses are incurred.

The company identifies the significant parts of plant and equipment separately (which are required to be replaced at intervals) based on their specific useful lives. The cost of replacement of significant parts are capitalized and the carrying amount of replaced parts are derecognized

PPEs eliminated from the financial statements on disposal or when no further benefit is expected from its use and disposal. Gains or losses arising from disposal, measured as the difference between the net disposal proceeds and the carrying amount of such assets are recognized in the statement of Profit and Loss. Amount received towards PPE that are impaired and derecognized in the financial statements are recognized in statement of Profit and Loss, when the recognition criteria are met.

Depreciation is recognized so as to write off the cost of assets (other than freehold land and property under construction) less their residual value, over their useful lives. The estimated useful lives, residual value and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Depreciation for PPE on additions is calculated on pro rata basis from the date of such additions. For deletion / disposals, the depreciation is calculated on pro rata basis up to the date on which such assets have been discarded /sold.

Capital work in progress includes cost of property, plant and equipment under installation, under development including related expenses and attributable interest as at the reporting date.

## 2.6 Investment Property:-

The company does not have any investment property as on the Balance sheet date. Hence there is no disclosure as per the requirements of INDAS 16.

## 2.7 Intangible Assets:-

Intangible Assets are recognized when the asset is identifiable is within the control of the company, it is probable that the future economic benefits that are attributable to the asset will flow to the company and cost of the asset can be reliably measured.

Intangible assets are amortized over their estimated useful life on straight line method. The estimated useful lives of intangible assets are assessed by the internal technical team. It's accounting classification is given below:-

1. Nature of intangible Assets - Computer Software
2. Estimated useful life - 3 Years
3. Amortization of intangible Assets - Computer Software
4. Accounting Classification - Depreciation & Amortization

For transition to IND AS, the company has elected to continue with the carrying value of all its intangible assets recognized as at IND AS transition date measured as per the previously applicable Indian GAAP and use that carrying value as its deemed cost as at the IND AS transition date.

### 2.8 Inventories:-

Inventories are valued at the lower of cost and net realizable value.

Cost of Raw materials, Stores and Spares, Fuel, Packing materials, etc., are valued at cost, computed on moving weighted average basis including the cost incurred in bringing the inventories to their present location or net realizable value whichever is lower.

Process stock and finished goods are valued at moving weighted average cost including the cost of conversion and other costs incurred in bringing the inventories to the present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

### 2.9 Cash Flow Statement:-

Cash flows are presented using indirect method, whereby profit / (Loss) before tax is adjusted for the effects of transaction of Non cash nature and accruals of post or future cash transaction. Cash comprise cash on hand and demand deposits with banks. Cash equivalents are short term balance with original maturity of less than 3 months, highly liquid investments that are readily convertible into cash.

### 2.10 Borrowing Costs:-

Borrowing costs include interest expense calculated using the effective interest rate method, other costs incurred in connection with borrowing of funds and exchange differences to the extent regarded as an adjustment to the interest costs.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying assets (net of income earned on temporary deployment of funds) are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognized as an expense in the period in which they are incurred.

A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

### 2.11 Financial Assets:-

Financial Assets comprises of investments in equity, trade receivables, cash and cash equivalents and other financial assets.

#### Classification:-

The company classifies financial assets as subsequently measured at amortized cost, fair value through other comprehensive income (FVTOCI) or fair value through Profit or Loss (FVTPL) on the basis of its business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

#### Initial Recognition and Measurement:-

All financial assets are recognized initially at fair value plus, in the case of financial assets not recognized at the fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurements of financial assets are dependent on initial categorization. For impairment purposes, significant financial assets are tested on an individual basis and other financial assets are assessed collectively in groups that share similar credit risk characteristics.

Financial assets are measured at amortized cost when asset is held within a business model, whose adjective is to hold assets for collecting contractual cash flows and contractual terms of the assets give rise, on specified dates, to cash flows that are solely payments of principal and interest. Such financial assets are subsequently measured at amortized cost using the effective interest rate method. The losses arising from impairment are recognized in the statement of Profit and Loss. This category generally applies to trade and other receivables.

#### De-recognition of Financial Assets:-

A Financial Asset is primarily derecognized when the rights to receive cash flows from the asset have expired or the company has transferred its rights to receive cash flows from the asset.

### 2.12 Financial Liabilities:-

Financial Liabilities comprises of Borrowings from banks, Trade Payables, Derivative financial instruments, Financial Guarantee obligation and other financial liabilities.

**Classification:-**

The company classifies all financial liabilities as subsequently measured at amortized cost, except for financial liabilities at fair value through profit or loss. Such financial liabilities including derivatives that are liabilities, shall be subsequently measured at fair value.

Amortized cost is calculated by taking into account any discount or premium and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance costs in the statement of profit and loss. Any difference between the proceeds (Net of transactions costs) and the redemption amount is recognized in Profit or Loss over the period of the borrowings using the EIR method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that same or all of the facility will be drawn down.

**Trade and Other payables:-**

A payable is classified as 'Trade Payable' if it is in respect of the amount due on account of goods purchased or services received in the normal course of business. These amounts represent liabilities for goods and services provided to the company prior to the end of financial year, which are unpaid. They are recognized initially at their fair value and subsequently measured at amortized cost using the EIR method.

**De-recognition of Financial Liabilities:-**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss as other income or finance costs.

**2.13 Impairment of Non-financial Assets:-**

The carrying values of assets include property, plant and equipment, cash generating units and intangible assets are reviewed for impairment at each Balance Sheet date, if there is any indication of impairment based on internal and external factors.

Non-financial assets are treated as impaired when the carrying amount of such asset exceeds its recoverable value. After recognition of impairment loss, the depreciation for the said assets is provided for remaining useful life based on the revised carrying amount, less its residual value if any, on straight line basis.

An impairment loss is charged to the statement of Profit and Loss in the year in which an asset is identified as impaired.

An impairment loss is reversed when there is an indication that the impairment loss may no longer exist or may have decreased.

**2.14 Foreign Currency Transaction and Translation:-**

Transactions in foreign currencies are translated to the functional currency of the company (i.e. INR) at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date, except for those derivative balances that are within the scope of INDAS – 109 “Financial instruments” are translated to the functional currency at the exchange rate at that date and the related foreign currency gain or loss are reported in the statement of Profit and Loss.

Foreign Exchange differences regarded as an adjustment to interest costs are recognized in the statement of Profit and Loss. Realized or unrealized gain in respect of the settlement or translation of borrowing is recognized as an adjustment to interest cost to the extent of the loss previously recognized as an adjustment to interest cost.

**2.15 Employee Benefits:-**

Employee benefits in the form of Provident Fund & Employee State Insurance are defined contribution plans. The company recognizes contribution payable to a defined contribution plan as an expense, when an employee renders the related services.

The company contributes monthly at 12% of employees' basic salary to Employees Provident Fund & Employees Pension Fund administered by the Employees provident fund organization, Government of India. The company has no further obligations.

Gratuity liability and leave encashment liability are defined benefit plans. The cost of providing benefit under the defined benefit plans is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. The company has its own approved Gratuity fund with LIC Group Gratuity cash accumulations scheme and the contribution to that fund are being made to LIC.

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.

Re-measurements of the net defined benefit liability / asset comprise:-

1. actuarial Gains and Losses;
2. the return on plan assets, excluding amounts included in net interest on the net defined benefit liability / asset; and
3. any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability / asset.

Reimbursements of net defined benefit liability / asset are charged or credited to other Comprehensive Income.

**2.16 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, embodying economic benefits in respect of which a reliable estimate can be made.

Contingent liability is a possible obligation that may arise from past events and its existence will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company or it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the same are not recognized but disclosed in the financial statements.

Insurance claims are accounted on the basis of claims admitted or expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection. Contingent Assets are not recognized.

**2.17 Taxes on Income:-**

Income tax expenses comprises of current tax and deferred tax. It is recognized in the statement of Profit and Loss, except to the extent that it relates to items recognized directly in Equity or Other comprehensive income. In such cases, the tax is also recognized directly in Equity or in other comprehensive income.

**Current Tax:-**

Current tax is the amount of tax payable on the taxable income for the year, determined in accordance with the provisions of the Income Tax Act, 1961.

**Deferred Tax:-**

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the balance sheet and their corresponding tax bases. Deferred tax liabilities are generally recognized for all taxable temporary differences.

Deferred tax assets are generally recognized for all deductible temporary differences and unused tax losses being carried forward, to the extent that it is probable that taxable profits will be available in future against which those deductible temporary differences and tax losses can be utilized. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the assets to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the assets realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

**Minimum Alternate Tax (MAT)**

MAT credit is recognized as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period (i.e.) the period for which MAT credit is allowed to be carried forward, in the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in the Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the statement of Profit and Loss and shown as MAT credit entitlement. The Company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that the company will pay normal income tax during the specified period.

| Particulars                                    | Tangible Assets  |                     |                               |   |                                |                    |                            |                |                     |                                       |                             | Intangible Assets |  |  |
|--|------------------|---------------------|-------------------------------|---|--------------------------------|--------------------|----------------------------|----------------|---------------------|---------------------------------------|-----------------------------|-------------------|--|--|
|  | Land<br>Rs.      | Building<br>Rs.     | Plant and<br>Machinery<br>Rs. | Power<br>Generation<br>Equipment<br>Rs. | Furniture<br>& Fittings<br>Rs. | Vehicles<br>Rs.    | Office<br>Equipment<br>Rs. | Library<br>Rs. | Total<br>Rs.        | Capital<br>Work in<br>Progress<br>Rs. | Computer<br>Software<br>Rs. |                   |  |  |
|  |                  |                     |                               |   |                                |                    |                            |                |                     |                                       |                             |                   |  |  |
| <b>Gross Carrying Amount</b>                   |                  |                     |                               |   |                                |                    |                            |                |                     |                                       |                             |                   |  |  |
| As at 01.04.2018                               | 49,00,383        | 13,32,96,570        | 41,44,05,391                  | 57,87,276                               | 4,72,341                       | 1,37,54,012        | 41,28,953                  | 12,435         | 57,67,57,361        | 25,47,129                             | 6,78,115                    |                   |  |  |
| Additions                                      | ---              | ---                 | 3,51,61,130                   | ---                                     | 7,58,400                       | 3,28,372           | 9,97,493                   | ---            | 3,72,45,395         | 6,63,15,679                           | ---                         |                   |  |  |
| Deductions                                     | ---              | 1,05,20,569         | 12,78,720                     | ---                                     | ---                            | 5,32,746           | 91,350                     | ---            | 1,24,23,385         | 22,23,423                             | ---                         |                   |  |  |
| <b>As at 31.03.2019</b>                        | <b>49,00,383</b> | <b>12,27,76,001</b> | <b>44,82,87,801</b>           | <b>57,87,276</b>                        | <b>12,30,741</b>               | <b>1,35,49,638</b> | <b>50,35,096</b>           | <b>12,435</b>  | <b>60,15,79,371</b> | <b>6,66,39,385</b>                    | <b>6,78,115</b>             |                   |  |  |
| <b>Accumulated Depreciation and Impairment</b> |                  |                     |                               |   |                                |                    |                            |                |                     |                                       |                             |                   |  |  |
| As at 01.04.2018                               | ----             | 2,76,15,545         | 15,23,71,906                  | 47,49,150                               | 3,53,528                       | 73,61,484          | 23,79,742                  | 12,435         | 19,48,43,790        | ----                                  | 2,87,824                    |                   |  |  |
| Depreciation                                   | ----             | 38,65,913           | 2,44,26,088                   | 1,57,279                                | 25,189                         | 11,95,300          | 4,75,833                   | ---            | 3,01,45,602         | ----                                  | 1,69,778                    |                   |  |  |
| Disposals                                      | ----             | 48,50,997           | 5,32,566                      | ---                                     | ---                            | 1,97,244           | 36,397                     | ---            | 56,17,204           | ----                                  | ----                        |                   |  |  |
| <b>Balance as at 31.03.2019</b>                | <b>----</b>      | <b>2,66,30,461</b>  | <b>17,62,65,428</b>           | <b>49,06,429</b>                        | <b>3,78,717</b>                | <b>83,59,540</b>   | <b>28,19,178</b>           | <b>12,435</b>  | <b>21,93,72,188</b> | <b>----</b>                           | <b>4,57,602</b>             |                   |  |  |
| <b>Carrying Amount 31.03.2019</b>              | <b>49,00,383</b> | <b>9,61,45,540</b>  | <b>27,20,22,373</b>           | <b>8,80,847</b>                         | <b>8,52,024</b>                | <b>51,90,098</b>   | <b>22,15,918</b>           | <b>----</b>    | <b>38,22,07,183</b> | <b>6,66,39,385</b>                    | <b>2,20,513</b>             |                   |  |  |
| Carrying Amount 31.03.2018                     | 49,00,383        | 10,56,81,025        | 26,20,33,485                  | 10,38,126                               | 1,18,813                       | 63,92,528          | 17,49,211                  | ----           | 38,19,13,571        | 25,47,129                             | 3,90,291                    |                   |  |  |

**POLYSPIN EXPORTS LIMITED**

**NOTES FORMING PART OF ACCOUNTS**

| Particulars  | As at 31.03.2019<br>Rs.        | As at 31.03.2018<br>Rs.                    |
|--|--------------------------------|--|
| <b>FINANCIAL ASSETS</b>  |                                |  |
| <b>4. OTHER INVESTMENTS</b>  |                                |  |
| <b>Investments In Equity Instruments (Unquoted)</b>                        |                                |  |
| <b>Number<br/>(Equity Shares)</b>  | <b>Face Value<br/>Per Unit</b> | <b>Trade Investment (Long term)</b>        |
| 365  | Rs. 1,000/-                    | M/s. Ganesh Agro Pack (P) Ltd, India.      |
| 13,01,119  | SLR 10/-                       | M/s. Lankaspin (P) Ltd., Sri Lanka         |
| 34,700   | Rs. 11/-                       | M/s. OPG Power Generation (P) Ltd., India. |
|  |                                | <b>Investments</b>                         |
|  |                                | <b>66,92,210</b>                           |
|  |                                | <b>67,12,010</b>                           |
| <b>5. OTHER FINANCIAL ASSETS (NON CURRENT)</b>                             |                                |  |
| Security Deposits with Electricity Board / Others                          | <b>93,14,027</b>               | 84,83,118                                  |
| Loans to Employees   | <b>7,38,151</b>                | 26,14,123                                  |
|  | <b>1,00,52,178</b>             | <b>1,10,97,241</b>                         |
| <b>6. OTHER NON CURRENT ASSETS</b>   |                                |  |
| <b>Unsecured, Considered good</b>  |                                |  |
| Advance to Suppliers / Others  | <b>61,83,383</b>               | 10,05,935                                  |
| <b>7. INVENTORIES</b>  |                                |  |
| Raw Material   | <b>9,72,67,107</b>             | 3,97,32,173                                |
| Rawmaterials - Goods in transit  | <b>72,08,770</b>               | 2,53,02,568                                |
| Stores and Spares  | <b>1,62,55,199</b>             | 1,43,01,830                                |
| Work In Process  | <b>12,50,77,525</b>            | 14,35,88,483                               |
| Finished Goods   | <b>1,88,81,791</b>             | 1,91,13,409                                |
| Process Waste  | <b>24,75,783</b>               | 12,75,724                                  |
|  | <b>26,71,66,175</b>            | <b>24,33,14,187</b>                        |
| <b>8. TRADE RECEIVABLES</b>  |                                |  |
| Unsecured considered good  | <b>21,19,88,622</b>            | 24,80,68,911                               |
| <b>9. CASH AND CASH EQUIVALENTS</b>  |                                |  |
| Cash on Hand   | <b>12,20,699</b>               | 18,46,423                                  |
| Balance with Banks   |                                |  |
| - In Current Accounts  | <b>2,20,65,720</b>             | 1,10,51,422                                |
| - In Unclaimed Dividend Accounts   | <b>29,49,376</b>               | 30,18,660                                  |
|  | <b>2,62,35,795</b>             | <b>1,59,16,505</b>                         |
| <b>10. OTHER BANK BALANCE</b>  |                                |  |
| Fixed deposits with banks having balance maturity of twelve months or less |                                |  |
| - Under Lien   | <b>1,78,08,924</b>             | 1,68,31,948                                |
| - Not Under Lien   | <b>7,22,81,411</b>             | 1,96,80,253                                |
| Bank deposits with more than 12 months maturity                            | ---                            | ---  |
|  | <b>9,00,90,335</b>             | <b>3,65,12,201</b>                         |

**POLYSPIN EXPORTS LIMITED**

**NOTES FORMING PART OF ACCOUNTS (CONTINUED)**

| Particulars  | As at 31.03.2019<br>Rs. | As at 31.03.2018<br>Rs. |
|--|-------------------------|-------------------------|
| <b>11. OTHER FINANCIAL ASSETS (CURRENT)</b>  |                         |                         |
| GST / MEIS Scrip / Export Incentive / TED Claim Receivables  | <b>8,25,59,739</b>      | 6,12,79,012             |
| Security Deposit   | <b>46,378</b>           | 38,200                  |
|  | <b>8,26,06,117</b>      | 6,13,17,212             |
| <b>12. OTHER CURRENT ASSETS</b>  |                         |                         |
| Advance to Suppliers / Others - Unsecured, Considered good   | <b>46,64,047</b>        | 75,82,609               |
| Accrued Income   | <b>11,49,408</b>        | 5,080                   |
| Prepaid Expenses   | <b>11,84,862</b>        | 7,72,624                |
| Other Current Assets   | <b>2,09,76,983</b>      | 1,19,33,899             |
|  | <b>2,79,75,300</b>      | 2,02,94,212             |
| <b>13. EQUITY SHARE CAPITAL</b>  |                         |                         |
| <b>-Authorised</b>   |                         |                         |
| 50,00,000 Equity Shares Rs. 10/- each<br>[Previous Year : 50,00,000 Equity Shares of Rs. 10/- each]                | <b>5,00,00,000</b>      | 5,00,00,000             |
| <b>-Issued, Subscribed and Paid up</b>   |                         |                         |
| 40,00,000 Equity Shares Rs. 10/- each fully paid-up.<br>[Previous Year : 40,00,000 Equity Shares of Rs. 10/- each] | <b>4,00,00,000</b>      | 4,00,00,000             |
|  | <b>4,00,00,000</b>      | 4,00,00,000             |
| <b>13.1 Reconciliation of the Number of Shares Outstanding</b>   |                         |                         |
| Number of Shares at the beginning  | <b>40,00,000</b>        | 40,00,000               |
| Number of Shares at the end  | <b>40,00,000</b>        | 40,00,000               |

The Company has only one class of equity shares having a per value of Rs. 10 each. Each holder of equity shares is entitled to one vote per share and carries proportionate right to dividends declared by the company based on their holdings.

**13.2 The details of share holders holding more than 5% shows**

| Particulars                        | As at 31.03.2019 |       | As at 31.03.2018 |       |
|------------------------------------|------------------|-------|------------------|-------|
|                                    | No.of Shares     | %     | No.of Shares     | %     |
| i. Sri. R. Ramji                   | 6,92,385         | 17.31 | 6,60,857         | 16.52 |
| ii. Smt. Durga Ramji               | 3,59,759         | 8.99  | 3,45,209         | 8.63  |
| iii. M/s. Polyspin Private Limited | 2,60,250         | 6.51  | 2,52,800         | 6.32  |

Clause (f) - Share held by holding company or its ultimate holding company including their subsidiaries - Not Applicable.

Clause (h) - Shares reserved for issue under options and contracts / commitments for the sale of shares - Not Applicable.

Clause (i) - Shares allotted in the proceeding five years without payment being received in cash / by way of bonus shares / Shares bought back - Not Applicable.

Clause (j) - Terms of any securities convertible into issued along with the earliest date of conversion - Not applicable.

Clause (k) - Calls unpaid - Not Applicable.

Clause (l) - Forfeited shares - Not Applicable.

**POLYSPIN EXPORTS LIMITED**

**NOTES FORMING PART OF ACCOUNTS (CONTINUED)**

| Particulars             | As at 31.03.2019<br>Rs.    | As at 31.03.2018<br>Rs. |
|-------------------------|----------------------------|-------------------------|
| <b>14. OTHER EQUITY</b> |                            |                         |
| a) General Reserves     | <b>28,00,00,000</b>        | 21,00,00,000            |
| b) Retained Earnings    | <b>96,07,571</b>           | 98,11,559               |
|                         | <b><u>28,96,07,571</u></b> | <u>21,98,11,559</u>     |

**14.1 Movement in Other Equity**

| Particulars  | Reserves and Surplus |                      |                     |
|--|----------------------|----------------------|---------------------|
|  | General Reserve      | Retained Earnings    | Total               |
| <b>Other Equity as at 01.04.2017</b>               | <b>16,61,00,000</b>  | <b>87,07,731</b>     | <b>17,48,07,731</b> |
| Add : Profit / (Loss) for the year                 | ----                 | 5,02,08,023          | 5,02,08,023         |
| Add : Other Comprehensive Income                   | ----                 | 1,68,297             | 1,68,297            |
| Add: Provision for Taxation Previous Year 2015-16  | ----                 | 7,02,521             | 7,02,521            |
| Less: Provision for Taxation Previous Year 2016-17 | ----                 | 1,61,812             | 1,61,812            |
| Less: Provision for Taxation Previous Year 2017-18 | ----                 | 6,21,430             | 6,21,430            |
| Less: Dividend Paid                                | ----                 | 43,14,604            | 43,14,604           |
| Less: Dividend tax paid                            | ----                 | 9,77,167             | 9,77,167            |
| Transfer to General Reserve                        | 4,39,00,000          | <b>(4,39,00,000)</b> | ----                |
| <b>Other Equity as at 31.03.2018</b>               | <b>21,00,00,000</b>  | <b>98,11,559</b>     | <b>21,98,11,559</b> |
| Add : Profit / (Loss) for the year                 | ----                 | 7,30,75,818          | <b>7,30,75,818</b>  |
| Add : Other Comprehensive Income                   | ----                 | 23,09,484            | <b>23,09,484</b>    |
| Less : Provision for Taxation Previous Year        | ----                 | 86,283               | <b>86,283</b>       |
| Less: Dividend Paid                                | ----                 | 45,25,840            | <b>45,25,840</b>    |
| Less: Dividend tax paid                            | ----                 | 9,77,167             | <b>9,77,167</b>     |
| Transfer to General Reserve                        | 7,00,00,000          | <b>(7,00,00,000)</b> | ----                |
| <b>Other Equity as at 31.03.2019</b>               | <b>28,00,00,000</b>  | <b>96,07,571</b>     | <b>28,96,07,571</b> |

**15. BORROWINGS (NON CURRENT)**

**-Secured**

**Term Loan from City Union Bank**

**10,97,46,367**      8,59,58,059

**- From Others**

Hire Purchase Loan

**30,16,040**      22,78,639

**11,27,62,407**      8,82,36,698

15.1 Rupee Term Loan and Working capital finance from Bank is secured by a First charge, by way of equitable mortgage of specified assets under this loan.

15.2 Hire Purchase Loan is secured by hypothecation of Specified Vehicle purchased under the Scheme.

15.3 The Loans are additionally secured by Personal Guarantee of Promoter Director of the Company.

15.4 The Term Loan from Bank are repayable in equated monthly installments.

**POLYSPIN EXPORTS LIMITED**

**NOTES FORMING PART OF ACCOUNTS (CONTINUED)**

| Particulars   | As at 31.03.2019<br>Rs.    | As at 31.03.2018<br>Rs. |
|---|----------------------------|-------------------------|
| 15.5 Repayment to Term Loan :   |                            |                         |
| Facility 1 - Rs. 50.00 Lakhs Balance amount is repayable in 13 equated monthly installments starting from April-2020  |                            |                         |
| Facility 2 - Rs. 328.09 Lakhs Balance amount is repayable in 17 equated monthly installments starting from April-2020 |                            |                         |
| Facility 3 - Rs. 55.11 Lakhs Balance amount is repayable in 25 equated monthly installments starting from April-2020  |                            |                         |
| Facility 4 - Rs. 57.00 Lakhs Balance amount is repayable in 38 equated monthly installments starting from April-2020  |                            |                         |
| Facility 5 - Rs. 607.26 Lakhs Balance amount is repayable in 51 equated monthly installments starting from April-2020 |                            |                         |
| <b>16. DEFERRED TAX LIABILITIES</b>   |                            |                         |
| Deferred Tax Liabilities  | <b><u>3,86,43,000</u></b>  | <u>3,51,83,000</u>      |
| <b>17. BORROWINGS (CURRENT)</b>   |                            |                         |
| <b>-Secured</b>   |                            |                         |
| From City Union Bank  |                            |                         |
| - Foreign Currency loan on Raw Material   | <b>95,60,203</b>           | 81,68,596               |
| - Foreign Bills Discounted  | <b>12,03,59,677</b>        | 15,42,56,483            |
| - Packing Credit in foreign currency / Export Packing Credit  | <b>21,89,27,950</b>        | 15,58,13,538            |
| - Short Term Loan   | <b>5,03,44,850</b>         | ----                    |
| - Cash Credit on Raw Material and Book debts  | <b>5,01,78,680</b>         | 9,23,04,464             |
|   | <b><u>44,93,71,360</u></b> | <u>41,05,43,081</u>     |
| 17.1 Working Capital Finance from Bank is further secured by hypothecation of all Current Assets of the Company.      |                            |                         |
| 17.2 The Loans are additionally secured by Personal Guarantee of Promoter Director of the Company.                    |                            |                         |
| <b>18. TRADE PAYABLES</b>   |                            |                         |
| Trade Payables  | <b><u>15,83,77,118</u></b> | <u>15,84,46,556</u>     |
| <b>19. OTHER FINANCIAL LIABILITIES</b>  |                            |                         |
| Unpaid Dividend   | <b>16,91,213</b>           | 20,34,657               |
| Liability for Operating and Other Expenses  | <b>2,78,51,219</b>         | 2,96,85,404             |
| Liability for Other Finance   | <b>6,94,545</b>            | 6,80,159                |
|   | <b><u>3,02,36,977</u></b>  | <u>3,24,00,220</u>      |
| <b>20. OTHER CURRENT LIABILITIES</b>  |                            |                         |
| Current Liability for Long Term Debt  | <b>4,94,20,687</b>         | 3,32,00,000             |
| Liability for Operating and Other Expenses  | <b>19,13,214</b>           | 10,62,525               |
| Advance from Customers  | <b>6,21,985</b>            | 6,61,774                |
|   | <b><u>5,19,55,886</u></b>  | <u>3,49,24,299</u>      |
| <b>21. PROVISIONS</b>   |                            |                         |
| Provision for Taxation  | <b><u>3,19,00,000</u></b>  | <u>2,26,00,000</u>      |

**POLYSPIN EXPORTS LIMITED**

**NOTES FORMING PART OF ACCOUNTS (CONTINUED)**

| Particulars  | For the Year Ended<br>31.03.2019<br>Rs. | For the Year Ended<br>31.03.2018<br>Rs. |
|--|---|---|
| <b>22. SALES / REVENUE FROM OPERATIONS</b>   |   |   |
| <u>Export Sales</u>  |   |   |
| - FIBC Bags / Fabric / Yarn  | 173,89,22,045                           | 143,01,64,017                           |
| - Cotton Yarn  | 1,75,78,028                             | 5,12,978                                |
| <u>Merchant Export Sales</u>   |   |   |
| - FIBC Bags / Fabric / Yarn  | ----                                    | 2,33,63,613                             |
| - Cotton Yarn  | 3,13,15,200                             | 4,30,36,320                             |
| <u>Domestic Sales</u>  |   |   |
| - FIBC Bags / Fabric / Yarn  | 25,95,455                               | 2,36,94,400                             |
| - Cotton Yarn  | 23,44,20,125                            | 21,93,19,592                            |
| Central Excise Duty  | ----                                    | 15,57,546                               |
|  | <u>202,48,30,853</u>                    | <u>174,16,48,466</u>                    |
| Less : Sales Return  | 5,31,400                                | ----                                    |
|  | <u>202,42,99,453</u>                    | <u>174,16,48,466</u>                    |
| <b>OTHER OPERATING INCOME</b>  |   |   |
| Sale of Plastic scrap  | 2,74,58,102                             | 2,54,24,526                             |
| Sale of Cotton Waste   | 28,66,782                               | 23,56,776                               |
| MEIS Duty Credit Scrip - Sales   | 6,56,54,100                             | 3,97,90,655                             |
| Rebate on Service Tax  | 4,995                                   | 7,73,314                                |
|  | <u>212,02,83,432</u>                    | <u>180,99,93,737</u>                    |
| <b>23. OTHER INCOME</b>  |   |   |
| Interest Receipts  | 43,31,358                               | 28,69,599                               |
| Dividend Receipts  | 36,500                                  | 37,197                                  |
| Foreign Exchange Fluctuations  | 2,27,76,819                             | 10,94,747                               |
| Profit on Sale of Land   | ----                                    | 4,48,035                                |
| Profit on Sale of Vehicle  | ----                                    | 6,640                                   |
| Exports Incentive  | 2,81,041                                | ---                                     |
| Quality Claim Charges  | 63,925                                  | ---                                     |
| Profit on Sale of Equity Shares  | 900                                     | ---                                     |
| Sale of Tender Form  | 4,018                                   | ---                                     |
| Sale of Fire affected items  | 10,29,546                               | ---                                     |
|  | <u>2,85,24,107</u>                      | <u>44,56,218</u>                        |
| <b>24. COST OF RAW MATERIAL CONSUMED</b>   |   |   |
| Polypropylene Granules and Master Batch  | 91,94,05,070                            | 79,41,35,957                            |
| Printing Materials   | 72,26,682                               | 96,85,499                               |
| Yarn   | 8,63,79,390                             | 5,75,50,152                             |
| Cotton Yarn / Hank yarn purchases  | 19,78,186                               | 11,19,326                               |
| Cotton & Cotton Waste  | 21,50,95,934                            | 19,21,65,705                            |
| BOPP Film Purchases  | 32,82,796                               | 33,30,172                               |
| LLDPE Liner Purchases  | 42,99,564                               | 12,89,610                               |
| Kraft Paper Purchases  | 36,79,492                               | 67,23,559                               |
| Fabric Purchases   | 1,76,30,170                             | 1,24,15,878                             |
|  | <u>125,89,77,284</u>                    | <u>107,84,15,858</u>                    |
| <b>25. CHANGES IN / INVENTORIES OF FINISHED GOODS, STOCK-IN-PROCESS &amp; STOCK-IN-TRADE</b> |   |   |
| Opening Stock  | 16,39,77,616                            | 14,83,54,445                            |
| Closing Stock  | 14,64,35,099                            | 16,39,77,616                            |
|  | <u>1,75,42,517</u>                      | <u>(1,56,23,171)</u>                    |

**POLYSPIN EXPORTS LIMITED**

**NOTES FORMING PART OF ACCOUNTS (CONTINUED)**

| Particulars                              | For the Year Ended<br>31.03.2019<br>Rs. | For the Year Ended<br>31.03.2018<br>Rs. |
|--|---|---|
| <b>26. EMPLOYEE BENEFITS EXPENSE</b>     |   |   |
| Remuneration to Managing Director        | 1,00,85,187                             | 61,80,846                               |
| Salaries & Wages                         | 21,69,76,664                            | 18,10,20,376                            |
| P.F. & E.S.I. Contribution               | 3,02,40,929                             | 2,72,78,515                             |
| Labour Welfare Expenses                  | 2,20,54,274                             | 1,84,46,085                             |
| LIC Group Gratuity                       | 89,05,783                               | 1,71,57,853                             |
| Bonus                                    | 1,87,19,172                             | 1,55,53,002                             |
|  | <u>30,69,82,009</u>                     | <u>26,56,36,677</u>                     |
| <b>27. FINANCE COSTS</b>                 |   |   |
| Interest on                              |   |   |
| - Fixed Loans                            | 1,17,34,031                             | 1,49,94,371                             |
| - Working Capital facilities             | 3,46,23,922                             | 2,93,69,580                             |
| - Others Borrowing cost                  | 4,483                                   | 5,669                                   |
| H.P. Finance Charges                     | 3,02,782                                | 2,09,175                                |
|  | <u>4,66,65,218</u>                      | <u>4,45,78,795</u>                      |
| <b>28. OTHER EXPENSES</b>                |   |   |
| <b>Manufacturing Expenses</b>            |   |   |
| Repairs & Maintenance                    |   |   |
| - Building                               | 33,08,779                               | 62,97,176                               |
| - Machinery                              | 45,22,353                               | 37,52,447                               |
| - General                                | 17,67,110                               | 16,70,033                               |
| Processing Charges paid                  | 5,93,26,217                             | 4,04,04,356                             |
| Stores & Spares Consumed                 | 8,76,38,676                             | 7,17,98,559                             |
| Power & Fuel                             | 8,81,21,721                             | 7,98,57,039                             |
|  | <u>24,46,84,856</u>                     | <u>20,37,79,610</u>                     |
| Postage & Telephone                      | 37,27,799                               | 40,36,715                               |
| Printing & Stationery                    | 21,79,486                               | 16,55,489                               |
| Travelling Expenses                      | 1,07,35,840                             | 69,83,261                               |
| Director's sitting fees                  | 2,20,000                                | 1,57,500                                |
| Bank Charges                             | 95,48,920                               | 77,03,313                               |
| Corporate Social Responsibility (CSR)    | 5,52,162                                | 1,32,512                                |
| Central Excise Duty                      | ----                                    | 15,57,546                               |
| Professional Charges                     | 50,87,428                               | 27,28,261                               |
| Licence, Taxes & Fees                    | 17,02,052                               | 14,19,817                               |
| Insurance Charges                        | 48,59,421                               | 35,90,254                               |
| Subscription & Periodicals               | 4,39,823                                | 3,99,510                                |
| Filing Fees                              | 2,49,532                                | 50,100                                  |
| Audit Fees                               | 2,30,500                                | 1,50,000                                |
| Vehicle Maintenance                      | 50,71,932                               | 42,60,899                               |
| Miscellaneous Expenses                   | 8,91,207                                | 6,04,242                                |
| Ineligible ITC                           | 28,09,133                               | 6,18,548                                |
| Commission paid                          | 47,02,683                               | 44,51,619                               |
| Donation                                 | 22,500                                  | 2,68,500                                |
| Rent                                     | 18,72,387                               | 20,19,496                               |
| Quality Claim Charges                    | 3,87,894                                | 31,08,914                               |
| Testing Charges                          | 20,32,351                               | 17,72,539                               |
| Service Tax                              | 8,86,445                                | 10,62,151                               |
| Loss on Forex Fluctuations               | 1,39,86,147                             | 1,63,689                                |
| Sales Promotion Expenses                 | 42,10,406                               | 77,81,350                               |
| Ocean Freight                            | 4,64,26,747                             | 5,16,77,766                             |
| Lorry Freight                            | 55,38,551                               | 1,81,15,147                             |
| Loss on Sale of Assets                   | 8,44,017                                | 11,02,478                               |
| Bad debts written off                    | 8,331                                   | 46,02,583                               |
| Sales Discount                           | 38,618                                  | 77,707                                  |
| Provision for Diminuation on Investments | ----                                    | 38,880                                  |
| Fire Resue Operation Expenses            | 2,72,573                                | ---                                     |
| Loss on Factory Building (Fire Accident) | 56,69,572                               | ----                                    |
|  | <u>37,98,89,313</u>                     | <u>33,60,70,396</u>                     |

**29. NOTES FORMING PART OF ACCOUNTS:-**

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

| 29.2. EARNINGS PER SHARE :   | Rs. in Lakhs             |                          |
|--|--------------------------|--------------------------|
|  | Year Ended<br>31-03-2019 | Year Ended<br>31-03-2018 |
| a) Total Comprehensive Income (after Tax)  | 753.85                   | 503.59                   |
| b) Number of Equity Shares   | 40,00,000                | 40,00,000                |
| c) Basic and diluted Earnings per share<br>(Face Value Rs.10/- per Equity Share) | 18.85                    | 12.59                    |

**29.3. Status on Fire Accident Claim:-**

Please note that there was a fire accident at the company's factory on Monday, 4th June, 2018 and was brought under control by the Fire brigade. The unaudited financial results for the quarter ended 30th June, 2018 and year ended 31st March, 2019 is arrived at after considering a loss of Rs. 621.22 Lakhs towards cost of Current Assets and Fixed Assets damaged due to fire accident. The total claim made by the company with respect to loss of stock, factory building and fire rescue expenses aggregating Rs. 717 Lakhs with the Insurance Company. The Company is pursuing the Insurance Company to settle the claim amount as early as possible.

**30. Financial Risk Management:-**

The company's principal financial liabilities comprise of borrowings, trade and other payables. The main purpose of these financial liabilities is to manage finances for the company's operations. The company's principal financial assets include loans and advances, trade receivables and cash and bank balances that arise directly from its operations.

The company also enters into derivative transaction to hedge foreign currency and not for speculative purposes. The company is exposed to Market risk, Credit risk and Liquidity risk and the company's senior management oversees the management of these risks.

**30.1. Market Risk**

Market Risk is the risk that the fair value of future cash flows of a financial asset will fluctuate because of changes in market prices. The company's activities expose it to a variety of financial risks, including the effect of changes in foreign currency exchange rates and interest rates.

**30.2. Currency Risk**

Foreign Currency risk is the risk that fair value of future cash flow of an exposure will fluctuate because of changes in foreign exchange rates.

The company's exposure in USD and other foreign currency denominated transactions in connection with exports of finished goods, besides import of raw materials, capital goods

and spares, etc., purchased in foreign currency, gives rise to exchange rate fluctuation risk. The company has following policies to mitigate this risk:

The company has entered into foreign currency forward contracts both for export and import, after taking into consideration of the anticipated foreign exchange inflows / outflows, timing of cash flows, tenure of the forward contract and prevailing foreign exchange market conditions.

**Details of Derivative Instruments Outstanding (hedged):-**

|                  | As at 31.03.2019    |                  | As at 31.03.2018    |                  |
|------------------|---------------------|------------------|---------------------|------------------|
|                  | USD<br>(In Million) | Rs.<br>(In Laks) | USD<br>(In Million) | Rs.<br>(In Laks) |
| Forward contract |                     |                  |                     |                  |
| <b>SOLD :</b>    |                     |                  |                     |                  |
| USD / INR        | 1.33                | 928.01           | ----                | ----             |
| <b>BOUGHT :</b>  |                     |                  |                     |                  |
| USD / INR        | 4.20                | 2858.83          | 5.38                | 3599.49          |

**The company's exposure to foreign currency risk (un-hedged) as detailed below :-**

| Particulars                | As at 31.03.2019 | As at 31.03.2018 |
|----------------------------|------------------|------------------|
| Currency (USD in Millions) | Nil              | 1.358            |
| Rs. in Lakhs               | Nil              | 908.92           |

**Risk sensitivity on Foreign Currency Fluctuations:-**

The company evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks. It hedges a part of these risks by using derivative financial instruments in accordance with its risk management policies.

The foreign exchange rate sensitivity is calculated for each currency by aggregation of the net foreign exchange rate exposure of a currency and a simultaneous parallel foreign exchange rates shift in the foreign exchange rates by 3 %

The following analysis is based on the gross exposure as of the relevant balance sheet date, which could affect the income statement.

The following table sets forth the information relating to foreign currency exposure as at 31.03.2019 and 31.03.2018.

(Rs. in Lakhs)

| Particulars | As at 31.03.2019 |                | As at 31.03.2018 |                |
|-------------|------------------|----------------|------------------|----------------|
|             | 3%<br>Increase   | 3%<br>Decrease | 3%<br>Increase   | 3%<br>Decrease |
| USD / INR   | 113.60           | 113.60         | 107.98           | 107.98         |

**30.3. Interest Rate Risk**

Interest rate risk is the risk that the fair value of future cash flows of an exposure will fluctuate because of changes in market interest rates. The company's exposure to the risk of changes in market interest rates related primarily to the company's long term debt obligation with floating interest rates.

The company's fixed rate borrowings are carried at amortized cost and therefore are not subject to interest rate risk as defined in IND AS 107, since neither the carrying

## POLYSPIN EXPORTS LIMITED

(Rs. in Lakhs)

amount nor the future cash flows will fluctuate because of change in market interest rates.

The following table shows the fixed rate borrowings of the company :-  
(Rs. in Lakhs)

|                          | As at 31.03.19 | As at 31.03.18 |
|--------------------------|----------------|----------------|
| Fixed rate borrowings    | 1097.46        | 859.58         |
| Floating Rate borrowings | Nil            | Nil            |

### 30.4. Credit Risk

Credit risk is the risk that a counter party will not meet its obligation under a financial instrument or customer contract, leading to a financial loss. The company is exposed to credit risk from its operating activities, primarily trade receivables and from its financing activities, including deposits with banks and other financial instruments.

#### Trade Receivables

The company extends credit to customers in the normal course of business. Outstanding customer receivables are regularly monitored. The company has also taken advances from its customers, which mitigate the credit risks to an extent. An impairment analysis is performed at each reporting date on an individual basis for major customers.

**Details of trade receivables is given below:-** (Rs. in Lakhs)

| Trade Receivables              | Outstanding      |                  |
|--------------------------------|------------------|------------------|
|                                | As at 31.03.2019 | As at 31.03.2018 |
| Unsecured - considered Good    | 2,119.89         | 2480.69          |
| Doubtful                       | ---              | 46.02            |
| Less : Provision for Bad debts | ---              | (46.02)          |
| <b>Total</b>                   | <b>2,119.89</b>  | <b>2480.69</b>   |

#### Deposits with banks

Generally the company has maintained fixed deposits and balance with the banks with which the company has also availed borrowings. The company does not maintain significant cash balances other than those required for its day to day operations.

### 30.5. Liquidity Risk

Liquidity risk is the risk that the company may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The company's objective is to maintain a balance between continuity or funding and flexibility through the use of Packing credit loan, Letter of credit, Buyer's credit and Working capital limits. The company ensures it has sufficient cash to meet its operational needs while maintaining sufficient margin on its undrawn borrowing facilities at all times.

The company has access to the following undrawn borrowing facilities at the end of the reporting period:-

| Particulars   | As at 31.03.19 | As at 31.03.18 |
|---|----------------|----------------|
| Floating Rate<br>- Expiring within one year-<br>working capital limits. | 28.33          | 77.93          |

### 30.6. Capital Management:-

For the purpose of the company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity share holders of the company. The primary objective of the company's capital management is to safeguard continuity, maintain healthy capital ratios in order to support its business and maximize share holder value. The company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The funding requirement is met through capital, internal accruals, long term borrowings and short term borrowings.

In order to achieve this overall objective the company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest bearing loans and borrowings that define capital structure requirements.

The following monitors capital using a gearing ratio, which is net debt divided by total capital plus debt. (Rs in Lakhs)

| Particulars                            | As at 31.03.2019 | As at 31.03.2018 |
|--|------------------|------------------|
| Long Term Borrowings                   | 1,127.62         | 882.37           |
| Current liability for long term debt   | 494.21           | 332.00           |
| Short Term Borrowings                  | 4,493.71         | 4,105.43         |
| Less: Cash and Cash Equivalent         | 1,163.26         | 524.29           |
| <b>Net Debt (A)</b>                    | <b>4,952.28</b>  | <b>4,795.51</b>  |
| Equity share capital                   | 400.00           | 400.00           |
| Other Equity                           | 2,896.07         | 2,198.11         |
| <b>Total Equity (B)</b>                | <b>3,296.07</b>  | <b>2,598.11</b>  |
| Total Capital Employed (C) = (A) + (B) | <b>8,248.35</b>  | <b>7,393.62</b>  |
| <b>Capital Gearing Ratio (A) / (C)</b> | <b>60.04%</b>    | <b>64.86%</b>    |

There have been no breaches in the financial covenants of any interest bearing loans / borrowing.

The company has been consistently focusing on reduction in long term borrowings.

### 30.7. Fair value of Financial Assets and Liabilities:-

Comparison by class of the carrying amounts and fair value of the company's financial instruments that are recognized in the financial statements:

Financial Instruments by category

(Rs. In Lakhs)

| Particulars                    | As at 31.03.2019 |            | As at 31.03.2018 |            |
|--------------------------------|------------------|------------|------------------|------------|
|                                | Carrying Value   | Fair Value | Carrying Value   | Fair Value |
| <b>Financial Assets :</b>      |                  |            |                  |            |
| Other Investments              | 66.92            | 66.92      | 67.12            | 67.12      |
| Trade Receivables              | 2,119.89         | 2,119.89   | 2,480.69         | 2,480.69   |
| Cash and Bank Balances         | 262.36           | 262.36     | 159.16           | 159.16     |
| Other Bank Balances            | 900.90           | 900.90     | 365.12           | 365.12     |
| Other Financial Assets         | 826.06           | 826.06     | 613.17           | 613.17     |
| <b>Financial Liabilities :</b> |                  |            |                  |            |
| Borrowings                     | 4,493.71         | 4,493.71   | 4,105.43         | 4,105.43   |
| Trade Payables                 | 1,583.77         | 1,583.77   | 1,584.46         | 1,584.46   |
| Other Financial Liabilities    | 302.37           | 302.37     | 324.00           | 324.00     |

During the year ended 31st March, 2019 and 31st March, 2018, there are no transfer between Level 1 and Level 2 fair value measurements and no transfer into and out of Level 3 fair value measurements and there is no transaction / balance under Level 3.

**Fair Valuation Technique:**

The company maintains policies and procedures to value financial assets or financial liabilities using the best and most relevant data available. The fair values of the financial assets and liabilities are included at the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used to estimate certain fair values:-

1. Fair value of cash deposits, trade receivables, trade payables and other current financial assets and liabilities approximate their carrying amount largely due to the short term maturities of these instruments.
2. The fair value of derivatives are based on marked to market valuation statements received from banks with whom the company has entered into the relevant contracts.

**Fair value hierarchy:**

The following table provides the fair value measurement hierarchy of company's assets and liabilities, grouped into level 1 to level 3 as described below:-

1. Quoted prices / Published NAV (unadjusted) in active markets for identical assets or liabilities (Level 1)
2. Inputs other than quoted prices included within Level 1 that are observable for the asset or liability (i.e. as prices) or indirectly (i.e. derived from prices) Level 2. It includes fair value of the financial instruments that are not traded in an active market (for example, over the counter derivatives) and are determined by using valuation technique. These valuation techniques maximize the use of observable market data where it is available and

rely as little as possible on the company specific estimates. If all significant inputs required to fair value an instrument are observable, then the instrument is included in level 2.

3. Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs) Level 3. If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

31. In March 2018, The ministry of Corporate Affairs issued the companies (Indian Accounting standards), (Amendments) Rules 2018, notifying the new standard IND AS 115 on Revenue from contracts with customers and it is applicable from 01.04.2018.

- Replaces IND AS 18 Revenue and IND AS 11 Construction contracts
- Establishes a new control based revenue recognition model
- Provides new and more detailed guidance on specific topics such as multiple element arrangements, variables consideration, rights of return, warranties, principal versus agent consideration, consignment arrangements, bill and hold arrangements and licensing, to name a few.

Revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

Adoption of IND AS 115 is not expected to have any impact on the company's revenue and profit or loss. The company expects the revenue recognition to occur at a point in time when the materials are delivered at the customer's in case of FIBC bags, PP fabric, PP yarn, Paper bag & cotton yarn.

**32. Significant Estimates and Judgements**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures, and the disclosure of contingent liabilities. Actual results could vary from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision or future periods, if the revision affects both current and future years.

Accordingly, the management has applied the following estimates / assumptions / judgements in preparation and presentation of financial statements:

**Property, Plant and Equipment, Intangible Assets:-**

The residual values estimated useful life of PPEs & Intangible assets are assessed by technical team duly reviewed by the management at each reporting date. Wherever the management believes that the assigned useful life and

residual value are appropriate, such recommendations are accepted and adopted for computation of depreciation / amortization.

**Current Taxes:-**

Calculations of Income Taxes for the current period are done based on applicable tax laws and managements judgement by evaluating positions taken in tax returns and interpretation of relevant provisions of law.

**Deferred Tax rate (Including MAT Credit Entitlement)**

Significant Management judgement is exercised by reviewing the deferred tax assets at each reporting date to determine the amount of deferred tax assets that can be retained / recognized, based upon the likely with future tax planning strategies.

**Contingent Liabilities:-**

Management judgement is exercised for estimating the possible outflow of resources, if any, in respect of Contingencies / Claims / Litigation against the company as it is not possible to predict the outcome of pending matters with accuracy.

**Impairment of Trade receivables:-**

The impairment for financial assets are done based on assumption about risk of default and expected loss rates. The assumptions, selection of inputs for calculation of impairment are based on management judgement considering the past history, market condition and forward booking estimates at the end of each reporting date.

**Impairment of Non-Financial Asset (PPE / Intangible Assets)**

The impairment of Non-Financial Assets is determined based on estimated of recoverable amount of such assets. The assumptions used in computing the recoverable amount are based on management judgement considering the timing of future cash flow, discount rates and risks specific to the asset.

**Defined Benefit Plans and Other Long Term Benefits:-**

The cost of the defined benefit plan and other long term benefits and the present value of such obligation are determined by the independent actuarial values. Management believes that the assumptions used by the actuary in determination of discount rate, future salary increases, mortality rates and attrition rates are reasonable. Due to the complexities involved in the valuation and its long term nature, this obligation is highly sensitive to changes in these assumptions.

**33. DISCLOSURE PURSUANT TO INDIAN ACCOUNTING STANDARD 19 - EMPLOYEE BENEFITS**

**Defined Contribution Plan:**

Contributions under Defined Contribution Plan as recognised in the Statement of Profit and Loss by the Company are as follows:

| Particulars                      | Rs. in Lakhs |         |
|----------------------------------|--------------|---------|
|                                  | 2018-19      | 2017-18 |
| Employer's contribution towards: |              |         |
| - Provident Fund & EPS           | 217.09       | 199.75  |
| - Employee State Insurance       | 85.31        | 73.03   |

**Defined Benefit Plan (Gratuity):**

The Company provides for gratuity for employees as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement / termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service.

The Employees Gratuity Fund Scheme, which is a defined benefit plan, is managed by a trust maintained with Life Insurance Corporation of India (LIC)

The present value of the obligation is determined based on actuarial valuation using Projected Units Credit Method, which recognises each period of service as giving rise to additional units of employees benefit entitlement and measures each unit separately to build up the final obligation.

The following table sets out the details of amount recognised in the financial statements in respect of employee benefit schemes:

**A. Change in Defined Benefit Obligation**

| Particulars                                     | Financial Year Ending 31.03.2019 | Financial Year Ending 31.03.2018 |
|---|----------------------------------|----------------------------------|
| Defined Benefit Obligation at beginning of year | 2,71,66,676                      | 2,08,80,019                      |
| Current Service Cost                            | 58,31,119                        | 49,69,467                        |
| Past Service Cost                               | ----                             | 15,61,494                        |
| Interest Expense                                | 19,32,528                        | 15,43,534                        |
| Benefit Payments from Plan Assets               | (50,96,969)                      | (19,26,901)                      |
| Re-measurements - Due to Financial Assumptions  | 9,88,830                         | (2,50,810)                       |
| Re-measurements - Due to Experience Adjustments | 16,68,180                        | 3,89,872                         |
| Defined Benefit Obligation at end of year       | 3,24,90,364                      | 2,71,66,676                      |
| Discount Rate                                   | 7.50%                            | 7.85%                            |
| Salary Escalation Rate                          | 5.00%                            | 5.00%                            |

**B. Change in fair value of Plan Assets**

| Particulars   | Financial Year Ending 31.03.2019 | Financial Year Ending 31.03.2018 |
|---|----------------------------------|----------------------------------|
| Fair value of Plan Assets beginning of year                   | 2,58,26,802                      | 1,81,78,798                      |
| Interest income   | 18,27,348                        | 13,34,189                        |
| Employer Contributions  | 91,52,153                        | 82,56,163                        |
| Benefit Payments from Plan Assets                             | (50,96,969)                      | (19,26,901)                      |
| Other (Mortality & other Charges Paid to LIC of India)        | ----                             | (3,05,651)                       |
| Remeasurements - Return on Assets (Excluding Interest Income) | 3,47,526                         | 2,90,204                         |
| <b>Fair Value of Plan Assets at end of year</b>               | <b>3,20,56,860</b>               | <b>2,58,26,802</b>               |
| <b>Weighted Average Asset Allocations at the year end</b>     |                                  |                                  |
| Equities  | ----                             | ----                             |
| Bonds   | ----                             | ----                             |
| Gilts   | ---                              | ----                             |
| Insurance Policies  | 100%                             | 100%                             |
| <b>Total</b>  | <b>100%</b>                      | <b>100%</b>                      |

**C. Components of Defined Benefit Cost**

| Particulars   | Financial Year Ending 31.03.2019 | Financial Year Ending 31.03.2018 |
|---|----------------------------------|----------------------------------|
| Current Service Cost  | 58,31,119                        | 49,69,467                        |
| Past Service Cost   | ----                             | 15,61,494                        |
| <b>Total Service Cost</b>                                       | <b>58,31,119</b>                 | <b>65,30,961</b>                 |
| Interest Expense on DBO   | 19,32,528                        | 15,43,534                        |
| Interest (Income) on plant Assets                               | (18,27,348)                      | (13,34,189)                      |
| Interest (Income) on Reimbursement Rights                       | ----                             | 3,05,651                         |
| <b>Total Net Interest Cost</b>                                  | <b>1,05,180</b>                  | <b>5,14,996</b>                  |
| Defined Benefit Cost included in P & L                          | 59,36,299                        | 70,45,957                        |
| Remeasurements - Due to Financial Assumptions                   | 9,88,830                         | (2,50,810)                       |
| Remeasurements - Due to Experience Adjustments                  | 16,68,180                        | 3,89,872                         |
| (Return) on plan Assets (Excluding Interest Income)             | (3,47,526)                       | (2,90,204)                       |
| <b>Total Re-measurements in OCI</b>                             | <b>23,09,484</b>                 | <b>(1,51,141)</b>                |
| <b>Total Defined Benefit Cost recognized in P&amp;L and OCI</b> | <b>82,45,783</b>                 | <b>68,94,816</b>                 |
| <b>Discount Rate</b>  | <b>7.50%</b>                     | <b>7.85%</b>                     |
| <b>Salary Escalation Rate</b>                                   | <b>5.00%</b>                     | <b>5.00%</b>                     |

**D. Amounts recognized in the Statement of Financial Position**

| Particulars                                    | Financial Year Ending 31.03.2019 | Financial Year Ending 31.03.2018 |
|--|----------------------------------|----------------------------------|
| Defined Benefit Obligation                     | 3,24,90,364                      | 2,71,66,676                      |
| Fair Value of Plan Assets                      | 3,20,56,860                      | 2,58,26,802                      |
| <b>Funded Status</b>                           | <b>4,33,504</b>                  | <b>13,39,874</b>                 |
| Effect of Asset Ceiling / Onerous Liability    | ----                             | ----                             |
| <b>Net Defined Benefit Liability / (Asset)</b> | <b>4,33,504</b>                  | <b>13,39,874</b>                 |

**E. Net Defined Benefit Liability / (Asset) reconciliation**

| Particulars   | Financial Year Ending 31.03.2019 | Financial Year Ending 31.03.2018 |
|---|----------------------------------|----------------------------------|
| Net Defined Benefit Liability / (Asset) at beginning of year  | 13,39,874                        | 27,01,221                        |
| Defined Benefit Cost included in P & L                        | 59,36,299                        | 70,45,957                        |
| Total Re-measurements included in OCI                         | 23,09,484                        | (1,51,141)                       |
| Employer Contributions  | (91,52,153)                      | (82,56,163)                      |
| <b>Net Defined Benefit Liability / (Asset) at end of year</b> | <b>4,33,504</b>                  | <b>13,39,874</b>                 |

**Additional Disclosure items**

**Current and Non-Current Liability and Asset**

| Particulars               | Financial Year Ending 31.03.2019 | Financial Year Ending 31.03.2018 |
|---------------------------|----------------------------------|----------------------------------|
| Non-Current Assets        | ----                             | ----                             |
| Current Liabilities       | 29,71,346                        | 29,92,747                        |
| Non - Current Liabilities | 2,95,19,018                      | 2,41,73,928                      |

**Expected Cash flow for following years**

| Maturity Profile of Defined Benefit Obligations |             |
|---|-------------|
| Year 1  | ----        |
| Year 2  | 39,831      |
| Year 3  | 22,19,849   |
| Year 4  | 26,17,124   |
| Year 5  | 5,16,875    |
| Beyond 5 years                                  | 2,52,37,867 |

**Summary of Financial & Demographic Assumptions**

| Particulars                            | Valuation Date       |                      |
|--|----------------------|----------------------|
|  | 31.03.2019           | 31.03.2018           |
| Discount Rate                          | 7.50%                | 7.85%                |
| Salary Escalation - First 5 Years      | 5.00%                | 5.00%                |
| Salary Escalation - After 5 Years      | 5.00%                | 5.00%                |
| Expected Rate of Return on plan Assets | 7.85%                | 7.75%                |
| Mortality Table                        | IALM (2006-08) Table | IALM (2012-14) Table |
| Disability Rate                        | No explicit Loading  |                      |
| Withdrawal Rate                        | 1% to 3%             | 1% to 3%             |
| Retirement Age                         | 58 Years             | 58 Years             |
| Average Future Service                 | 19.39                | 19.38                |

**34. REPORTING ON RELATED PARTIES :**

In accordance with the Accounting Standard (IND AS 24) issued by the Institute of Chartered Accountants of India, the Company has identified the following companies as Related parties:

**A) Associate Companies :**

1. Polyspin Private Limited
2. Lankaspin Private Ltd., Sri Lanka.
3. Energyspin Private Ltd.
4. Chola Packaging Private Ltd.
5. Ganesh Agro Pack Private Ltd.
6. Ramji Investments Private Ltd.

**B) Key Management Personnel and Relatives :**

- i) Sri R. RAMJI  
Managing Director and CEO
- ii) Sri P.K. RAMASUBRAMANIAN  
Secretary and Compliance Officer
- iii) Sri. B. PONRAM  
Chief Operating Officer
- iii) Sri. S. SEENIVASA VARATHAN  
Chief Financial Officer

**C) Transaction during the year with Related Parties :**

(Rs. in Lakhs)

| Sl. No. | Particulars                          | Year Ended 31-03-2019            |                          | Year Ended 31-03-2018 |                          |
|---------|--------------------------------------|----------------------------------|--------------------------|-----------------------|--------------------------|
|         |                                      | Associate / Subsidiary Companies | Key Management Personnel | Associate Companies   | Key Management Personnel |
| 1.      | Processing charges paid              | 413.29                           | ---                      | 233.36                | ---                      |
| 2.      | Remuneration to Directors & KMP      | ----                             | 193.66                   | ---                   | 151.38                   |
| 3.      | Sale of PP Strips / Yarn             | 219.81                           | ---                      | 161.64                | ---                      |
| 4.      | Sale of Fabric                       | 222.79                           | ---                      | 203.12                | ---                      |
| 5.      | Sale of Sack                         | 7.18                             | ---                      | ---                   | ---                      |
| 6.      | MEIS Duty Credit Scrip Sales         | ---                              | ---                      | 85.67                 | ---                      |
| 7.      | Assets sold during the year          | ---                              | ---                      | 43.31                 | ---                      |
| 8.      | Assets purchases during the year     | ---                              | ---                      | 1.25                  | ---                      |
| 9.      | Purchase of Fabric & Stitching Yarn  | 184.73                           | ---                      | 143.66                | ---                      |
| 10.     | Purchase of Laminated Woven Fabric   | 0.02                             | ---                      | 0.10                  | ---                      |
| 11.     | Purchase of Packing Materials        | 10.84                            | ---                      | 11.95                 | ---                      |
| 12.     | Factory Rent                         | 10.39                            | ---                      | 8.64                  | ---                      |
| 13.     | Wind mill Energy captive consumption | ---                              | ---                      | 2.16                  | ---                      |

**POLYSPIN EXPORTS LIMITED**

**D) Significant Related Party Transactions :-** Rs. in Lakhs

| Particulars                                       | 2018-19 | 2017-18 |
|---|---------|---------|
| <b>1. Processing Charges Paid</b>                 |         |         |
| Polyspin Private Limited                          | 248.00  | 181.19  |
| Ganesh Agro Pack (P) Ltd.,                        | 15.27   | 13.85   |
| Energyspin (P) Ltd                                | 136.60  | 38.32   |
| Chola Packaging (P) Limited                       | 13.42   | ---     |
| <b>2. Remuneration to Directors &amp; KMP</b>     |         |         |
| Sri. R. Ramji, Managing Director & CEO            | 119.93  | 76.21   |
| Sri . P. S. Ramanathan, Secretary & CCO           | ----    | 6.29    |
| Sri. P.K. Ramasubramanian, Secretary & CCO        | 3.67    | 0.60    |
| Sri. B. Ponram, COO                               | 54.09   | 48.61   |
| Sri. S. Seenivasa Varathan, CFO                   | 15.97   | 19.67   |
| <b>3. Sale of PP Strips / Yarn</b>                |         |         |
| Lankaspin Private Limited, Sri Lanka.             | 219.81  | 161.64  |
| <b>4. Sale of PP Fabric</b>                       |         |         |
| Lankaspin Private Limited, Sri Lanka              | 219.08  | 200.18  |
| Chola Packaging (P) Ltd.,                         | 1.96    | 2.94    |
| Ganesh Agro Pack (P) Ltd.,                        | 1.75    | ---     |
| <b>5 Sale of Sacks</b>                            |         |         |
| Energyspin Private Limited                        | 7.18    | ---     |
| <b>6. MEIS Scrip Sales</b>                        |         |         |
| Polyspin Private Limited                          | ---     | 85.67   |
| <b>7. Assets Sold during the year</b>             |         |         |
| Chola Packaging (P) Limited                       | ---     | 41.30   |
| Ganesh Agro Pack (P) Ltd.,                        | ---     | 2.01    |
| <b>8. Assets purchases during the Year</b>        |         |         |
| Ganesh Agro Pack (P) Ltd.,                        | ---     | 1.25    |
| <b>9. Purchase of Fabric &amp; Stitching Yarn</b> |         |         |
| Ganesh Agro Pack (P) Ltd.,                        | 184.73  | 143.66  |
| <b>10. Purchase of Laminated Woven Fabric</b>     |         |         |
| Chola Packaging (P) Limited                       | 0.02    | 0.10    |
| <b>11. Purchase of Packing Materials</b>          |         |         |
| Chola Packaging (P) Ltd.,                         | 0.06    | ---     |
| Ganesh Agro Pack (P) Ltd.,                        | 10.78   | 11.95   |
| <b>12. Factory Rent</b>                           |         |         |
| Polyspin Private Limited                          | 5.66    | 4.71    |
| Energyspin (P) Ltd.,                              | 4.25    | 3.45    |
| Ramji Investments Private Ltd.,                   | 0.48    | 0.48    |
| <b>13. Windmill Energy captive consumption</b>    |         |         |
| Ganesh Agro Pack (P) Ltd.,                        | ----    | 2.16    |

**35. SEGMENTWISE REPORTING**

As Required under Accounting Standard (IND AS 108), the Segment Revenue, Results and Capital employed are furnished below:-

(Rs. in Lakhs)

| Sl. No. | Particulars   | Year ended      |                 |
|---------|---|-----------------|-----------------|
|         |   | 31.03.2019      | 31.03.2018      |
| 1.      | Segment Revenue (Net Sales / Income from operation)                               |                 |                 |
|         | a) FIBC Bags, Fabric, Yarn  | 18346.34        | 14787.79        |
|         | b) Cotton Yarn  | 2856.49         | 2628.69         |
|         | <b>Total</b>  | <b>21202.83</b> | <b>17416.48</b> |
| 2.      | Segment Results (Profit (+) / Loss (-) before tax and interest from each segment) |                 |                 |
|         | a) FIBC Bags, Fabric, Yarn  | 1486.76         | 1106.99         |
|         | b) Cotton Yarn  | 64.25           | 102.88          |
|         | <b>Total</b>  | <b>1551.01</b>  | <b>1209.87</b>  |
|         | Less : Financial Charges  | 466.65          | 445.79          |
|         | <b>Profit Before Tax</b>  | <b>1084.36</b>  | <b>764.08</b>   |
| 3.      | Capital Employed (Segment assets)   |                 |                 |
|         | a) FIBC Bags, Fabric, Yarn  | 10568.71        | 9025.28         |
|         | b) Cotton Yarn  | 1459.83         | 1396.17         |
|         | <b>Total</b>  | <b>12028.54</b> | <b>10421.45</b> |
|         | Segment : B) Cotton Yarn  |                 |                 |
|         | a) FIBC Bags, Fabric, Yarn  | 11317.76        | 9685.90         |
|         | b) Cotton Yarn  | 710.78          | 735.55          |
|         | <b>Total</b>  | <b>12028.54</b> | <b>10421.45</b> |

**2018 - 2019**    **2017 - 2018**

|                                 |                 |        |
|---------------------------------|-----------------|--------|
| 36.1 Auditors' Remuneration :   | <b>Rs.</b>      | Rs.    |
| Audit Fees / Statutory Auditors | <b>50,000</b>   | 50,000 |
| Tax Audit Fees /Appeal Fees     | <b>50,000</b>   | 50,000 |
| Certification Fees              | <b>10,500</b>   | ----   |
| Other Services                  | <b>1,20,000</b> | 50,000 |

**2018 - 2019**    **2017 - 2018**

|   |                  |           |
|---|------------------|-----------|
| 36.2 Managing Director's Remuneration : | <b>Rs.</b>       | Rs.       |
| Salary                                  | <b>99,00,000</b> | 60,00,000 |
| Perquisites                             | <b>20,93,187</b> | 16,20,846 |

(Rs. in Lakhs)

36.3. Contingent Liabilities not Provided for : **2018 - 2019**    **2017 - 2018**

|                               |               |        |
|-------------------------------|---------------|--------|
| i) Unexpired Letter of Credit | <b>506.80</b> | 268.13 |
| ii) Bank Guarantee            | <b>25.00</b>  | 105.00 |

iii) The Company has challenged the levy of duty of excise and customs aggregating to Rs. 487.72 Lakhs (Previous Year Rs. 393.62 Lakhs) on wrong calculation of SION Norms for the consumption of UV Master batches (Imported) for production of FIBC Bags meant for export (100% E.O.U) and the same is pending before the appropriate jurisdictional authorities.

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**POLYSPIN EXPORTS LIMITED**

|   | For the year ended   |   |
|---|--|---|
|   | 31.03.2019   | 31.03.2018  |
| 36.4 As required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006, the Company has outstanding dues of Rs. 50,34,243/- as at 31st March, 2019 to Micro, Small and Medium Enterprises. This has been determined to the extent such parties have been identified on the basis of information available with the company and provide by such parties.<br><br>The management is of the view that the payments were made to MSME suppliers on contractual terms and the impact of interest, if any, that may be payable in accordance with the provisions of the Act, is not expected to be material. | Licensed Capacity  | <b>Not Applicable</b> Not Applicable  |
|   | Installed Capacity   | <b>250 KW</b> 250 KW  |
|   | Units Generated  | <b>2,62,596 KWH</b> 3,31,553 KWH  |
|   | Units Captively Consumed   | <b>2,62,596 KWH</b> 3,31,553 KWH<br>( included under Power & Fuel)  |
| 36.5 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. 18.25 Lakhs (Previous year: 21.05 Lakhs) being the credit given by TNEB for the transfer of power to the Grid.  | 36.6 Our Company's shares are listed at Bombay Stock Exchange with stock code of 539354. |   |
|   | 36.7 <u>Deferred Tax (AS-22)</u> :   |   |
|   |  | Deferred Tax Liability (Net) for Rs.34.60 Lakhs as on 31.03.2019 (Previous Year : Rs. 36.00 Lakhs) 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 of India. |
|   | 36.8 Figures relating to previous year have been regrouped wherever found necessary.     |   |

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Signature to Notes 1 to 36.8

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As per our report of even date  
**M/s.SRITHAR & ASSOCIATES**  
Chartered Accountants  
Firm Registration No. 015896S

**S. SRITHAR**  
Membership No. 209047

Rajapalayam  
18.05.2019

**R. RAMJI**  
Managing Director & CEO

**P.K. RAMASUBRAMANIAN**  
Secretary

**S. SEENIVASA VARATHAN**  
CFO

**S.R. SUBRAMANIAN**

**P. VAIDYANATHAN**

**A. THIRUPPATHY RAJA**

**S. SANKAR**

**S.V. RAVI**

Directors

## INDEPENDENT AUDITOR'S REPORT

To the Members of M/s. POLYSPIN EXPORTS LIMITED

Report on the Consolidated Ind AS Financial

Statements Opinion

We have audited the accompanying consolidated Ind AS financial statements of M/s. Polyspin Exports Limited ("the Company") which comprises the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Ind AS and accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019 and profit, total comprehensive income, the changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the consolidated Ind AS financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter:

- a. We draw attention to Note No.29.4 to the consolidated financial statements, which describes the effect of a fire in the company's production facilities.
- b. We draw attention to Note No. 36.2 to the consolidated financial statements, which describes non provision of interest on the amount payable to MSME creditors.

Our opinion is not modified in respect of these matters.

Key Audit Matters :

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated Ind AS financial statements of the current period. These matters were addressed in the context of our audit of the Consolidated Ind AS financial statements as a whole, and informing our opinion thereon and we do not

provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our Report

| Sl No. | Key Audit Matter  | Auditor's Response  |
|--------|---|---|
| 1.     | <p><b>Accuracy of recognition, measurement, presentation and disclosures of revenues and other related balances in view of adoption of IndAS 115 "Revenue from Contracts with Customers" (new revenue accounting standard)</b></p> <p>The application of the new revenue accounting standard involves certain key judgements relating to identification of distinct performance obligations, determination of transaction price of the identified performance obligations, the appropriateness of the basis used to measure revenue recognised over a period. Additionally, new revenue accounting standard contains disclosures which involves collation of information in respect of disaggregated revenue and periods over which the remaining performance obligations will be satisfied subsequent to the balance sheet date. Refer Note 2 to the Consolidated Financial Statements</p> | <ul style="list-style-type: none"> <li>• <b>Principal Audit Procedures</b></li> <li>We assessed the Company's process to identify the impact of adoption of the new revenue accounting standard. Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows: <ul style="list-style-type: none"> <li>• Evaluated the design of internal controls relating to implementation of the new revenue accounting standard.</li> <li>• Selected a sample of continuing and new contracts, and tested the operating effectiveness of the internal control, relating to identification of the distinct performance obligations and determination of transaction price. We carried out a combination of procedures involving enquiry and observation, reperformance and inspection of evidence in respect of operation of these controls.</li> <li>• Tested the relevant information technology systems' access and change management controls relating to contracts and related information used in recording and disclosing revenue in accordance with the new revenue accounting standard.</li> <li>• Selected a sample of continuing and new contracts and performed the following procedures: <ul style="list-style-type: none"> <li>• Read, analysed and identified the distinct performance obligations in these contracts.</li> <li>• Compared these performance obligations with that identified and recorded by the Company.</li> <li>• Considered the terms of the contracts to determine the transaction price including any variable consideration to verify the transaction price used to compute revenue and to test the basis of estimation of the variable consideration.</li> <li>• Samples in respect of revenue recorded for time and material contracts were tested using a combination of approved time sheets including customer acceptances, subsequent invoicing and historical trend of collections and disputes.</li> <li>• In respect of samples relating to fixed price contracts, progress towards</li> </ul> </li> </ul> </li> </ul> |

| Sl No. | Key Audit Matter   | Auditor's Response  |
|--------|--|---|
|        |  | <p>satisfaction of performance obligation used to compute recorded revenue was verified with actual and estimated efforts from the time recording and budgeting systems. We also tested the access and change management controls relating to these systems.</p> <ul style="list-style-type: none"> <li>• Sample of revenues disaggregated by type and service offerings was tested with the performance obligations specified in the underlying contracts.</li> <li>• Performed analytical procedures for reasonableness of revenues disclosed by type and service offerings.</li> <li>• We reviewed the collation of information and the logic of the report generated from the budgeting system used to prepare the disclosure relating to the periods over which the remaining performance obligations will be satisfied subsequent to the balance sheet date.</li> </ul> |
| 2.     | <p><b>Evaluation of uncertain tax positions</b></p> <p>The Company has material uncertain tax positions including matters under dispute which involves significant judgment to determine the possible outcome of these disputes.</p> <p>Refer Note 36.1 to the Consolidated Financial Statements</p> | <p><b>Principal Audit Procedures</b></p> <p>Obtained details of completed tax assessments and demands for the year ended March 31, 2019 from management. We involved our expertise to challenge the management's underlying assumptions in estimating the tax provision and the possible outcome of the disputes. Our internal experts also considered legal precedence and other rulings in evaluating management's position on these uncertain tax positions. Additionally, we considered the effect of new information in respect of uncertain tax positions as at April 1, 2018 to evaluate whether any change was required to management's position on these uncertainties</p>   |
| 3.     | <p><b>Recoverability of Indirect tax receivables</b></p> <p>As at March 31, 2019, other current assets in respect of withholding tax, GST and CESAT appeal Duty of Rs.26.73 lakhs which are pending adjudication.</p> <p>Refer Note 12 to the Consolidated Financial Statements.</p>                 | <p><b>Principal Audit Procedures</b></p> <p>We have involved our expertise to review the nature of the amounts recoverable, the sustainability and the likelihood of recoverability upon final resolution.</p>  |

**Information Other than the Consolidated Financial Statements and Auditor's Report Thereon**

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of Management and Those Charged with Governance for the Consolidated Ind AS Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these consolidated Ind AS financial statements that give a true and fair view of the financial position, financial performance, including other comprehensive income, changes in equity and cash flows of the Company in accordance with accounting principles generally accepted in India, including Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the company's financial reporting process.

**Auditor's Responsibilities for the Audit of Consolidated Ind AS Financial Statement**

Our objectives are to obtain reasonable assurance about whether the Consolidated Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance,

but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated IndAS financial statements.

A further description of the auditor's responsibilities for the audit of the consolidated Ind AS financial statements is included in Annexure A. This description forms part of our auditor's report.

**Other Matters**

We did not audit the IND AS financial statements of one Associate, whose IND AS financial statements reflect total assets of Rs.1267.24 Lakhs as at 31st March, 2019, total revenues of Rs.2756.93 Lakhs and net cash outflows amounting to Rs.14.22 Lakhs for the year ended on that date, as considered in the consolidated IND AS financial statements. These IND AS financial statements have been audited by other auditors whose reports have been furnished to us by the Management of the Holding Company and our opinion on the consolidated IND AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these associates and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid associate, is based solely on the reports of the other auditors.

One of the associate is located outside India whose financial statements have been prepared in accordance with the accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted the financial statements of such associate located outside India to IND AS financial statements (i.e from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India and relevant for preparation of the aforesaid consolidated IND AS financial statements). We have audited these conversion adjustments made by the Holding Company's management.

Our opinion in so far as it relates to the balances and affairs of such associate located outside India, is based on the reports of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us. Our opinion on the Consolidated IND AS Financial Statements and our report on the Other Legal and Regulatory Requirements below is not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the other auditors.

Our opinion is not modified in respect of matters.

Place : Rajapalayam  
Date : 18.05.2019

**Report on Other Legal and Regulatory Requirements**

1. As required by Section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
  - e) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f) With respect to the adequacy of the Internal Financial Control with reference to Financial Statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B"
  - g) In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197(16) of the Act.
  - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i) The Company has disclosed the impact of pending litigations on its financial position in its consolidated Ind AS financial statements – Refer Note 36.1 to the Consolidated Ind AS financial statements;\
    - ii) The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 30.2 to the Ind AS financial statements;

There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

**For M/s. SRITHAR & ASSOCIATES**  
CHARTERED ACCOUNTANTS  
Firm Registration No. 015896S

**S. SRITHAR**  
Membership No. 209047

**ANNEXURE - A**

**Responsibilities for Audit of Consolidated Ind AS Financial Statement**

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misre-presentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has internal financial controls with reference to Financial Statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern. Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.
- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated Ind AS financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**For M/s. SRITHAR & ASSOCIATES**  
CHARTERED ACCOUNTANTS  
Firm Registration No. 015896S

Place : Rajapalayam  
Date : 18.05.2019

**S. SRITHAR**  
Membership No. 209047

**ANNEXURE – B TO THE INDEPENDENT AUDITOR'S REPORT**

[Referred to in paragraph 2(g) under 'Report on Other Legal and Regulatory Requirements' in our Independent Auditor's Report of even date, to the members of the company on the Consolidated IND AS financial statements for the year ended 31st March, 2019]

Report on the Internal Financial Controls over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of the company as of 31<sup>st</sup> March, 2019, in conjunction with our audit of the Consolidated IND AS financial statements of the company for the year ended on that date.

**MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS**

The respective Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the company, considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information, as required under the Act.

**AUDITOR'S RESPONSIBILITY**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing specified under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists and testing and evaluating the design and operating effectiveness of internal

control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Holding Company's internal financial controls system over financial reporting.

**MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

1. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
2. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
3. Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial controls over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**OPINION**

In our opinion, the company in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2019, based on the internal control over financial reporting criteria established by the company, considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

**For M/s. SRITHAR & ASSOCIATES**  
CHARTERED ACCOUNTANTS  
Firm Registration No. 015896S

Place : Rajapalayam  
Date : 18.05.2019

**S. SRITHAR**  
Membership No. 209047

**POLYSPIN EXPORTS LIMITED**

**CONSOLIDATED BALANCE SHEET as at 31<sup>st</sup> March, 2019**

| Particulars                          | Notes<br>No. | As at 31.03.2019<br>Rs.     | As at 31.03.2018<br>Rs.     |
|--------------------------------------|--------------|-----------------------------|-----------------------------|
| <b><u>ASSETS</u></b>                 |              |                             |                             |
| <b>Non-current assets</b>            |              |                             |                             |
| Property, Plant and Equipment        | 3            | 38,22,07,183                | 38,19,13,571                |
| Capital work-in-progress             | 3            | 6,66,39,385                 | 25,47,129                   |
| Other Intangible assets              | 3            | 2,20,513                    | 3,90,291                    |
| Financial Assets                     |              |                             |                             |
| i) Other Investments                 | 4            | 1,24,49,526                 | 1,10,28,797                 |
| ii) Other Financial Assets           | 5            | 1,00,52,178                 | 1,10,97,241                 |
| Other non-current assets             | 6            | 61,83,383                   | 10,05,935                   |
|                                      |              | <u>47,77,52,168</u>         | <u>40,79,82,964</u>         |
| <b>Current assets</b>                |              |                             |                             |
| Inventories                          | 7            | 26,71,66,175                | 24,33,14,187                |
| Financial Assets                     |              |                             |                             |
| i) Trade receivables                 | 8            | 21,19,88,622                | 24,80,68,911                |
| ii) Cash and cash equivalents        | 9            | 2,62,35,795                 | 1,59,16,505                 |
| iii) Other Bank Balance              | 10           | 9,00,90,335                 | 3,65,12,201                 |
| iv) Other Financial Assets           | 11           | 8,26,06,117                 | 6,13,17,212                 |
| Current Tax Assets (Net)             |              | 2,47,97,123                 | 1,30,56,008                 |
| Other Current assets                 | 12           | 2,79,75,300                 | 2,02,94,212                 |
|                                      |              | <u>73,08,59,467</u>         | <u>63,84,79,236</u>         |
| <b>Total Assets</b>                  |              | <u><u>120,86,11,635</u></u> | <u><u>104,64,62,200</u></u> |
| <b><u>EQUITY AND LIABILITIES</u></b> |              |                             |                             |
| <b>EQUITY</b>                        |              |                             |                             |
| Equity Share capital                 | 13           | 4,00,00,000                 | 4,00,00,000                 |
| Other Equity                         | 14           | 29,53,64,887                | 22,41,28,346                |
|                                      |              | <u>33,53,64,887</u>         | <u>26,41,28,346</u>         |
| <b>LIABILITIES</b>                   |              |                             |                             |
| <b>Non-current Liabilities</b>       |              |                             |                             |
| Financial Liabilities                |              |                             |                             |
| i) Borrowings                        | 15           | 11,27,62,407                | 8,82,36,698                 |
| Deferred tax liabilities (Net)       | 16           | 3,86,43,000                 | 3,51,83,000                 |
|                                      |              | <u>15,14,05,407</u>         | <u>12,34,19,698</u>         |
| <b>Current Liabilities</b>           |              |                             |                             |
| Financial Liabilities                |              |                             |                             |
| i) Borrowings                        | 17           | 44,93,71,360                | 41,05,43,081                |
| ii) Trade Payables                   | 18           | 15,83,77,118                | 15,84,46,556                |
| iii) Other Financial Liabilities     | 19           | 3,02,36,977                 | 3,24,00,220                 |
| Other current Liabilities            | 20           | 5,19,55,886                 | 3,49,24,299                 |
| Provisions                           | 21           | 3,19,00,000                 | 2,26,00,000                 |
|                                      |              | <u>72,18,41,341</u>         | <u>65,89,14,156</u>         |
| <b>Total Equity and Liabilities</b>  |              | <u><u>120,86,11,635</u></u> | <u><u>104,64,62,200</u></u> |

As per our report of even date  
**M/s. SRITHAR & ASSOCIATES**  
Chartered Accountants  
Firm Registration No. 015896S  
**S. SRITHAR**  
Membership No. 209047  
Rajapalayam  
18.05.2019

**R. RAMJI**  
Managing Director & CEO  
**P.K. RAMASUBRAMANIAN**  
Secretary  
**S. SEENIVASA VARATHAN**  
CFO

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**S.V. RAVI**  
Directors

**POLYSPIN EXPORTS LIMITED**

**STATEMENT OF CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st March, 2019**

| Particulars   | Notes<br>No. | For the year ended<br>31.03.2019<br>Rs. | For the year ended<br>31.03.2018<br>Rs. |
|---|--------------|---|---|
| <b>INCOME</b>   |              |   |   |
| Revenue from Operations   | 22           | 212,02,83,432                           | 180,99,93,737                           |
| Other Income  | 23           | 2,85,24,107                             | 44,56,218                               |
| <b>Total Income</b>   |              | <b>214,88,07,539</b>                    | <b>181,44,49,955</b>                    |
| <b>EXPENSES</b>   |              |   |   |
| Cost of Raw Material consumed                                   | 24           | 125,89,77,284                           | 107,84,15,858                           |
| Change in / Inventories of Finished Goods                       | 25           | 1,75,42,517                             | (1,56,23,171)                           |
| Stock-in-Process  |              |   |   |
| Employee Benefit Expenses                                       | 26           | 30,69,82,009                            | 26,56,36,677                            |
| Finance Costs   | 27           | 4,66,65,218                             | 4,45,78,795                             |
| Depreciation & Amortisation Expenses                            |              | 3,03,15,380                             | 2,89,63,377                             |
| Other Expenses  | 28           | 37,98,89,313                            | 33,60,70,396                            |
| <b>Total Expenses</b>   |              | <b>204,03,71,721</b>                    | <b>173,80,41,932</b>                    |
| <b>Profit before Exceptional Items and Tax</b>                  |              | <b>10,84,35,818</b>                     | 7,64,08,023                             |
| Exceptional Items   |              | ----                                    | ----                                    |
| <b>Profit before Tax</b>  |              | <b>10,84,35,818</b>                     | 7,64,08,023                             |
| Tax Expenses:-  |              |   |   |
| - Current Tax   |              | 3,19,00,000                             | 2,26,00,000                             |
| - Deferred Tax  |              | 34,60,000                               | 36,00,000                               |
| <b>Profit for the year before share of profit of Associates</b> |              | <b>7,30,75,818</b>                      | 5,02,08,023                             |
| <b>Share of profit of Associates</b>                            |              | <b>14,40,529</b>                        | 1,68,176                                |
| <b>Profit for the year</b>                                      |              | <b>7,45,16,347</b>                      | 5,03,76,199                             |
| <b>Other Comprehensive Income</b>                               |              |   |   |
| Items that will not be reclassified to Profit or loss           |              |   |   |
| - Remeasurement gains/(losses) on defined benefit plan (net)    |              | 23,09,484                               | 1,51,141                                |
| <b>Total Comprehensive Income</b>                               |              | <b>7,68,25,831</b>                      | <b>5,05,27,340</b>                      |
| Earnings per Share (Basic)                                      |              | 19.21                                   | 12.63                                   |
| Face Value of Rs. 10 each                                       |              |   |   |

As per our report of even date  
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**POLYSPIN EXPORTS LIMITED**

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st March, 2019**

(Rupees in Lakhs)

| Particulars   | 2018 - 2019      | 2017 - 2018     |
|---|------------------|-----------------|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>                       |                  |                 |
| Profit before Tax   | <b>1098.76</b>   | <b>765.74</b>   |
| Adjustment for :  |                  |                 |
| Depreciation & Amortisation Expenses                                | <b>303.15</b>    | 289.63          |
| Loss on sale of assets  | <b>8.44</b>      | 11.02           |
| (Profit) on sale of assets  | ---              | (4.55)          |
| Loss of Factory Building (Fire Accident)                            | <b>56.69</b>     | ---             |
| Interest Expenses   | <b>466.65</b>    | 445.78          |
| Interest Income   | <b>(43.31)</b>   | (28.70)         |
| Dividend Income   | <b>(0.37)</b>    | (0.37)          |
|   | <b>791.25</b>    | <b>712.81</b>   |
| <b>Operating Profit before working Capital</b>                      | <b>1890.01</b>   | <b>1478.55</b>  |
| Adjustment for Changes in   |                  |                 |
| (Increase) / Decrease in Inventories                                | <b>(238.52)</b>  | (385.19)        |
| (Increase) / Decrease in Trade receivables                          | <b>360.80</b>    | (631.40)        |
| (Increase) / Decrease in Other Financial Assets                     | <b>10.45</b>     | 16.13           |
| (Increase) / Decrease in Other non current assets                   | <b>(51.77)</b>   | (8.53)          |
| (Increase) / Decrease in Other current assets                       | <b>(76.81)</b>   | 213.92          |
| (Increase) / Decrease in Other current financial assets             | <b>(212.89)</b>  | (367.31)        |
| Increase / (Decrease) in Trade Payables                             | <b>(0.69)</b>    | 143.87          |
| Increase / (Decrease) in Other Financial liabilities                | <b>(21.63)</b>   | 98.21           |
| Increase / (Decrease) in In Other current liabilities               | <b>170.31</b>    | (116.34)        |
| Increase / (Decrease) in Provisions                                 | <b>(186.31)</b>  | 63.86           |
| Increase / (Decrease) in Investments                                | <b>(14.40)</b>   | (1.66)          |
| Cash generated from operations                                      | <b>1628.55</b>   | <b>504.11</b>   |
| Income taxes paid   | <b>(341.25)</b>  | <b>(199.32)</b> |
| <b>Net Cash from Operating Activities (A)</b>                       | <b>1287.30</b>   | <b>304.79</b>   |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>                       |                  |                 |
| Purchase of fixed assets / WIP                                      | <b>(1013.36)</b> | (209.29)        |
| Proceeds from sale of fixed assets                                  | <b>2.92</b>      | 43.46           |
| Dividend Receipts   | <b>0.37</b>      | 0.37            |
| Interest Receipts   | <b>43.31</b>     | 28.70           |
| Investments in Term Deposits with banks                             | <b>(535.78)</b>  | (104.71)        |
| <b>Net Cash Used In Investing Activities (B)</b>                    | <b>(1502.54)</b> | <b>(241.47)</b> |
| <b>C. CASH FLOW FROM FINANCIAL ACTIVITIES</b>                       |                  |                 |
| Proceeds from issue of Share Capital                                | ---              | ---             |
| Proceeds from share premium   | ---              | ---             |
| Proceeds / (Repayment) of long term borrowings                      | <b>245.25</b>    | (319.53)        |
| Borrowings for working capital purposes                             | <b>388.28</b>    | 791.88          |
| Investment in Subsidiaries / Associates                             | <b>0.20</b>      | (1.26)          |
| Interest Expenses   | <b>(466.65)</b>  | (445.78)        |
| Dividend paid (Including Tax on Dividend)                           | <b>(55.03)</b>   | (52.92)         |
| <b>Net Cash Used In Financial Activities (C)</b>                    | <b>112.05</b>    | <b>(27.61)</b>  |
| <b>D. Net Increase in Cash and Cash Equivalents (A) + (B) + (C)</b> |                  |                 |
|   | <b>(103.19)</b>  | 35.71           |
| Cash and Cash equivalents as at 01.04.2018                          | 159.16           | 194.87          |
| Cash and Cash equivalents as at 01.04.2019                          | 262.35           | 159.16          |
| <b>E. Net (Increase) / Decrease in Cash and Cash Equivalents</b>    | <b>103.19</b>    | <b>(35.71)</b>  |

As per our report of even date  
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**POLYSPIN EXPORTS LIMITED**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31st March, 2019**

**A. EQUITY SHARE CAPITAL**

Rs.

|   |                    |
|---|--------------------|
| <b>Balance as at 01.04.2017</b>                         | <b>4,00,00,000</b> |
| Changes in Equity Share Capital during the year 2017-18 | ----               |
| <b>Balance as at 31.03.2018</b>                         | <b>4,00,00,000</b> |
| Changes in Equity Share Capital during the year 2018-19 | ----               |
| <b>Balance as at 31.03.2019</b>                         | <b>4,00,00,000</b> |

**B. OTHER EQUITY**

| Particulars   | Reserves and Surplus (Rs.) |                  |                      |                     |
|---|----------------------------|------------------|----------------------|---------------------|
|   | Reserves                   | Capital Reserves | Retained Earnings    | Total               |
| <b>Other Equity as at 01.04.2017</b>                                  | <b>16,61,00,000</b>        | 41,48,611        | <b>87,07,731</b>     | <b>17,89,56,342</b> |
| Add : Profit / (Loss) for the year                                    | ----                       | 1,68,176         | 5,02,08,023          | 5,03,76,199         |
| Add : Other Comprehensive Income                                      | ----                       | ---              | 1,68,297             | 1,68,297            |
| Add : Provision for Taxation (Previous Year-Excess withdrawn) 2015-16 | ----                       | ---              | 7,02,521             | 7,02,521            |
| Less : Provision for Taxation Previous Year                           | ----                       | ---              | 1,61,812             | 1,61,812            |
| Less : Provision for Taxation Previous Year                           | ----                       | ---              | 6,21,430             | 6,21,430            |
| Dividend Paid   | ----                       | ---              | 43,14,604            | 43,14,604           |
| Dividend tax Paid   | ----                       | ---              | 9,77,167             | 9,77,167            |
| Transfer to General Reserve   | 4,39,00,000                | ---              | <b>(4,39,00,000)</b> | ----                |
| <b>Other Equity as at 31.03.2018</b>                                  | <b>21,00,00,000</b>        | <b>43,16,787</b> | <b>98,11,559</b>     | <b>22,41,28,346</b> |
| Add : Profit / (Loss) for the year                                    | ----                       | ---              | 7,30,75,818          | <b>7,30,75,818</b>  |
| Add : Adjustments   | ----                       | 14,40,529        | ----                 | <b>14,40,529</b>    |
| Add : Other Comprehensive Income                                      | ----                       | ---              | 23,09,484            | <b>23,09,484</b>    |
| Less : Provision for Taxation Previous Years                          | ----                       | ---              | 86,283               | <b>86,283</b>       |
| Less : Dividend Paid  | ----                       | ---              | 45,25,840            | <b>45,25,840</b>    |
| Less : Dividend tax paid  | ----                       | ---              | 9,77,167             | <b>9,77,167</b>     |
| Transfer to General Reserve   | 7,00,00,000                | ---              | <b>(7,00,00,000)</b> | ----                |
| <b>Other Equity as at 31.03.2019</b>                                  | <b>28,00,00,000</b>        | <b>57,57,316</b> | <b>96,07,571</b>     | <b>29,53,64,887</b> |

As per our report of even date  
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 Rajapalayam  
 18.05.2019

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**S.V. RAVI**  
 Directors

**NOTES FORMING PARTS OF ACCOUNTS:-**

**1. Principles of Consolidation:-**

The consolidated financial statements (CFS) relate to Polyspin Exports Limited (the Company) and its associate companies (the company and its associate collectively referred to as the Group). The consolidated financial Statements have been prepared on the following basis:-

1. In case of foreign Associate companies, revenue items are consolidated at the average currency rate prevailing during the year. All assets and liabilities are converted at the rates prevailing at the end of the year. Exchange differences in translating the financial statements of foreign associate companies are recognized in other comprehensive income.
2. In the case of investment in associate companies, where the company's shareholding is less than 50%, Non controlling interest in the net assets of consolidated Associate Companies is indentified and presented in the consolidated balance sheet separately from liabilities and equity of the company shareholders.
3. Under equity method of accounting, the investments are initially recognized at the fair value of net asset of Associate company from the date on which it becomes as associate and any difference between the cost of the investment and the entity's share of the net fair value of the investee's identifiable assets and liabilities is accounted for as follows;
  - a. Goodwill relating to an associate is included in the carrying amount of the investment and the same is not amortized.
  - b. Any excess the entity's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is recognized directly in equity as capital reserve in the period in which the investment is acquired.
  - c. Subsequently, the carrying amount of investment is adjusted to recognize the company's share of post-acquisition profit or loss of the Associates in the Profit & Loss and also its share of Other Comprehensive Income (OCI) of the Associate Company separately under Other Comprehensive Income.
4. Dividend received or receivable from Associates are recognized as a reduction in the carrying amount of the Investment.
5. Unrealized gains on transactions between the group and its associates are eliminated to the extent of the group's interest in these entities. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.
6. At each reporting date, the company determines whether there is any objective evidence that the investment in the associates is impaired, if there is such evidence, the company provides for impairment as the

difference between the recoverable amount of the associate and its carrying value and then recognized the loss as "Share of Profit of an Associate" in the statement of the profit or loss.

7. The financial statement of the Associate Companies used in the consolidation are drawn up to the same reporting date as that of the company (i.e.) 31<sup>st</sup> March, 2019.

The list of associate company which is included in the Consolidation and the Company's holding therein are as under:

| S.No. | Name of the Company       | Ownership / Voting Power in % at as |            | Principal Place of Business / Country of Incorporation |
|-------|---------------------------|-------------------------------------|------------|--|
|       |                           | 31.03.2019                          | 31.03.2018 |  |
| 1.    | Lankaspin Private Limited | 38.48                               | 38.48      | Sri Lanka  |

These Consolidated Financial Statement were approved for issue by the Board of Directors of the company on 18<sup>th</sup> May, 2019.

**2. Significant Accounting Policies:-**

These are set out under Significant Accounting Polices as given in the Company's Separate (Consolidated) IND AS Financial Statements.

The management has applied the following estimates assumptions / judgements in preparation and presentation of financial statements:-

**Functional and presentational currency:**

These financial statements are presented in Indian Rupee (INR) which is also the functional Currency. Unless otherwise stated, all amounts are rounded off to the nearest rupee.

**Use of Estimates and Judgments:-**

The preparation of Financial Statements in conformity with IND AS requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimates are revised and in any future period affected. Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the accounting policies and/or the notes to the financial statements.

The mandatory exceptions to the retrospective application under IND AS 101 that are applicable to the Company are as below:

**2.1 Current Versus Non-Current Classification:-**

The company presents assets and liabilities in the balance sheet based on Current / Non-Current classification. An asset is treated as current when it is:-

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cost or cost equivalent unless restricted from being exchanged or used to settle a liability for atleast twelve months after the reporting period.

**All other assets are classified as Non-Current**

A Liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for atleast twelve months after the reporting period

**All other liabilities are classified as Non-Current**

The company has deemed its operating cycle as twelve months for the purpose of Current / Non-Current classification.

**2.2 Property, Plant and Equipment:**

Property, Plant and Equipment are stated at cost, less accumulated depreciation /amortization and impairment losses if any, except freehold land which is carried at cost. Cost comprises of purchase price, import duties, levies and any attributable cost of bringing the assets on its working condition for the intended use.

For transition to IND AS, the company has elected to continue the carrying value of all of its property, plant and equipment recognized as at 1<sup>st</sup> April, 2016 (IND AS transition date) measured as per the previously applicable Indian GAPP and use that carrying value as its deemed cost as at transition date.

When each major expenses on fixed assets, day to day repair and maintenance expenditure and cost of replacing parts that does not meet the capitalization criteria in accordance with IND AS 16 are charged to statement of Profit and Loss for the period during which such expenses are incurred.

The company identifies the significant parts of plant and equipment separately (which are required to be replaced at intervals) based on their specific useful lives. The cost of replacement of significant parts are capitalized and the carrying amount of replaced parts are derecognized.

PPEs eliminated from the financial statements on disposal or when no further benefit is expected from its use and disposal. Gains or losses arising from disposal, measured as the difference between the net disposal proceeds and the carrying amount of such assets, are recognized in the statement of Profit and Loss. Amount received towards PPE that are impaired and derecognized in the financial

statements, are recognized in statement of Profit and Loss, when the recognition criteria are met.

Depreciation is recognized so as to write off the cost of assets (other than freehold land and property under construction) less their residual value, over their useful lives. The estimated useful lives, residual value and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Depreciation for PPE on additions is calculated on pro rata basis from the date of such additions. For deletion / disposals, the depreciation is calculated on pro rata basis up to the date on which such assets have been discarded / sold.

Capital work in progress includes cost of property, plant and equipment under installation, under development including related expenses and attributable interest as at the reporting date.

**2.3 Investment Property:-**

The company does not have any investment property as on the Balance sheet date. Hence there is no disclosure as per the requirements of INDAS 16.

**2.4 Intangible Assets:-**

Intangible Assets are recognized when the asset is identifiable, is within the control of the company, it is probable that the future economic benefits that are attributable to the asset will flow to the company and cost of the asset can be reliably measured.

Intangible assets are amortized over their estimated useful life on straight line method. The estimated useful lives of intangible assets are assessed by the internal technical team. It's accounting classification is given below:-

- |                                      |   |                             |
|--------------------------------------|---|-----------------------------|
| 1. Nature of intangible Assets       | - | Computer Software           |
| 2. Estimated useful life             | - | 3 Years                     |
| 3. Amortization of intangible Assets | - | Computer Software           |
| 4. Accounting Classification         | - | Depreciation & Amortization |

For transition to IND AS, the company has elected to continue with the carrying value of all its intangible assets recognized at as 1<sup>st</sup> April, 2016 (Transition date) measured as per the previously applicable Indian GAPP and use that carrying value as its deemed cost as at transition date.

**2.5. Inventories:-**

Inventories are valued at the lower of cost and net realizable value.

Cost of Raw materials, Stores and Spares, Fuel, Packing materials, etc., are valued at cost, computed on moving weighted average basis including the cost incurred in bringing the inventories to their present location or net realizable value whichever is lower.

Process stock and finished goods are valued at moving weighted average cost including the cost of conversion and other costs incurred in bringing the inventories to the present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

**2.6. Cash Flow Statement:-**

Cash flows are presented using indirect method, whereby profit / (Loss) before tax is adjusted for the effects of transaction of Non cash nature and accruals of past or future cash transaction. Cash comprise cash on hand and demand deposits with banks. Cash equivalents are short term balance with original maturity of less than 3 months, highly liquid investments that are readily convertible into cash.

**2.7. Borrowing Costs:-**

Borrowing costs include interest expense calculated using the effective interest rate method (EIR), other costs incurred in connection with borrowing of funds and exchange differences to the extent regarded as an adjustment to the interest costs.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying assets (net of income earned on temporary deployment of funds) are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognized as an expense in the period in which they are incurred.

A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

**2.8 Financial Assets:-**

Financial Assets comprises of investments in equity, trade receivables, cash and cash equivalents and other financial assets.

**Classification:-**

The company classifies financial assets as subsequently measured at amortized cost, fair value through other comprehensive income (FVTOCI) or fair value through Profit or Loss (FVTPL) on the basis of its business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

**Initial Recognition and Measurement:-**

All financial assets are recognized initially at fair value plus, in the case of financial assets not recognized at the fair value

through profit or loss, transaction costs that are attributable to the acquisition of the financial assets.

Subsequent measurements of financial assets are dependent on initial categorization. For impairment purposes, significant financial assets are tested on an individual basis and other financial assets are assessed collectively in groups that share similar credit risk characteristics.

**De-recognition of Financial Assets:-**

A Financial Asset is primarily de-recognized when the rights to receive cash flows from the asset have expired or the company has transferred its rights to receive cash flows from the asset.

**2.9. Financial Liabilities:-**

Financial Liabilities comprises of Borrowings from banks, Trade Payables, Derivative financial instruments, Financial Guarantee obligation and other financial liabilities.

**Classification:-**

The company classifies all financial liabilities as subsequently measured at amortized cost, except for financial liabilities at fair value through profit or loss (FVTPL). Such financial liabilities including derivative that are liabilities, shall be subsequently measured at fair value.

Amortized cost is calculated by taking into account any discount or premium and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance costs in the statement of profit and loss. Any difference between the proceeds (Net of transactions costs) and the redemption amount is recognized in Profit or Loss over the period of the borrowings using the EIR method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that same or all of the facility will be drawn down.

**Trade and Other payables:-**

A payable is classified as 'Trade Payable' if it is in respect of the amount due on account of goods purchased or services received in the normal course of business. These amounts represent liabilities for goods and services provided to the company prior to the end of financial year, which are unpaid. They are recognized initially at their fair value and subsequently measured at amortized cost using the EIR method.

**De-recognition of Financial Liabilities:-**

A financial liability is de recognized when the obligation under the liability is discharged or cancelled or expires. The difference between the carrying amount of a financial liability

that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss as other income or finance costs.

**2.10. Impairment of Non-financial Assets:-**

The carrying values of assets include property, plant and equipment, cash generating units and intangible assets are reviewed for impairment at each Balance Sheet date, if there is any indication of impairment based on internal and external factors.

Non financial assets are treated as impaired when the carrying amount of such asset exceeds its recoverable value. After recognition of impairment loss, the depreciation for the said assets is provided for remaining useful life based on the revised carrying amount, less its residual value if any, on straight line basis.

An impairment loss is charged to the statement of Profit and Loss in the year in which an asset is identified as impaired.

An impairment loss is reversed when there is an indication that the impairment loss may no longer exist or may have decreased.

**2.11. Foreign Currency Transaction and Translation:**

Transactions in foreign currencies are translated to the functional currency of the company (i.e. INR,) at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date, except for those derivative balances that are within the scope of IND AS – 109 “Financial instruments” are translated to the functional currency at the exchange rate at that date and the related foreign currency gain or loss are reported in the statement of Profit and Loss.

Foreign Exchange differences regarded as an adjustment to interest costs are recognized in the statement of Profit and Loss. Realized or unrealized gain in respect of the settlement or translation of borrowing is recognized as an adjustment to interest cost to the extent of the loss previously recognized as an adjustment to interest cost.

**2.12. Employee Benefits:-**

Employee benefits in the form of Provident Fund & Employee State Insurance are defined contribution plans. The company recognizes contribution payable to a defined contribution plan as an expense, when an employee renders the related services.

The company contributes monthly at 12% of employee's basic salary to Employee's Provident Fund & Employees Pension Fund administered by the Employees provident fund organization, Government of India. The company has no further obligations.

Gratuity liability and leave encashment liability are defined benefit plans. The cost of providing benefit under the defined benefit plans is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. The company has its own approved Gratuity fund with LIC Group Gratuity cash accumulations scheme and the contribution to that fund are being made to LIC.

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.

Re-measurements of the net defined benefit liability / asset comprise:-

1. actuarial Gains and Losses;
2. the return on plan assets, excluding amounts included in net interest on the net defined benefit liability / asset; and
3. any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability / asset.

Reimbursements of net defined benefit liability / asset are charged or credited to other Comprehensive Income.

**2.13. 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, embodying economic benefits in respect of which a reliable estimate can be made.

Contingent liability is a possible obligation that may arise from past events and its existence will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company or it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the same are not recognized but disclosed in the financial statements.

Insurance claims are accounted on the basis of claims admitted or expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection. Contingent Assets are not recognized.

**2.14. Taxes on Income:-**

Income tax expenses comprises of current tax and deferred tax. It is recognized in the statement of Profit and Loss, except to the extent that it relates to items recognized directly in Equity or Other comprehensive income. In such cases, the tax

is also recognized directly in Equity or in other comprehensive income.

**Current Tax:-**

Current tax is the amount of tax payable on the taxable income for the year, determined in accordance with the provisions of the Income Tax Act, 1961

**Deferred Tax:-**

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the balance sheet and their corresponding tax bases. Deferred tax liabilities are generally recognized for all taxable temporary differences.

Deferred tax assets are generally recognized for all deductible temporary differences and unused tax losses being carried forward, to the extent that it is probable that taxable profits will be available in future against which those deductible temporary differences and tax losses can be utilized. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the assets to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the assets realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

**Minimum Alternate Tax (MAT)**

MAT credit is recognized as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period (i.e.) the period for which MAT credit is allowed to be carried forward, in the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in the Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the statement of Profit and Loss and shown as MAT credit entitlement. The Company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that the company will pay normal income tax during the specified period.

## CONSOLIDATED BALANCE SHEET - NOTES FORMING PART OF ACCOUNTS

| Particulars                                    | Tangible Assets  |                     |                               |   |                                |                    |                            |                |                     |                                       | Intangible Assets           |  |
|--|------------------|---------------------|-------------------------------|---|--------------------------------|--------------------|----------------------------|----------------|---------------------|---------------------------------------|-----------------------------|--|
|  | Land<br>Rs.      | Building<br>Rs.     | Plant and<br>Machinery<br>Rs. | Power<br>Generation<br>Equipment<br>Rs. | Furniture<br>& Fittings<br>Rs. | Vehicles<br>Rs.    | Office<br>Equipment<br>Rs. | Library<br>Rs. | Total<br>Rs.        | Capital<br>Work in<br>Progress<br>Rs. | Computer<br>Software<br>Rs. |  |
| <b>Gross Carrying Amount</b>                   |                  |                     |                               |   |                                |                    |                            |                |                     |                                       |                             |  |
| As at 01.04.2018                               | 49,00,383        | 13,32,96,570        | 41,44,05,391                  | 57,87,276                               | 4,72,341                       | 1,37,54,012        | 41,28,953                  | 12,435         | 57,67,57,361        | 25,47,129                             | 6,78,115                    |  |
| Additions                                      | ---              | ---                 | 3,51,61,130                   | ---                                     | 7,58,400                       | 3,28,372           | 9,97,493                   | ---            | 3,72,45,395         | 6,63,15,679                           | ---                         |  |
| Deductions                                     | ---              | 1,05,20,569         | 12,78,720                     | ---                                     | ---                            | 5,32,746           | 91,350                     | ---            | 1,24,23,385         | 22,23,423                             | ---                         |  |
| <b>As at 31.03.2019</b>                        | <b>49,00,383</b> | <b>12,27,76,001</b> | <b>44,82,87,801</b>           | <b>57,87,276</b>                        | <b>12,30,741</b>               | <b>1,35,49,638</b> | <b>50,35,096</b>           | <b>12,435</b>  | <b>60,15,79,371</b> | <b>6,66,39,385</b>                    | <b>6,78,115</b>             |  |
| <b>Accumulated Depreciation and Impairment</b> |                  |                     |                               |   |                                |                    |                            |                |                     |                                       |                             |  |
| As at 01.04.2018                               | ---              | 2,76,15,545         | 15,23,71,906                  | 47,49,150                               | 3,53,528                       | 73,61,484          | 23,79,742                  | 12,435         | 19,48,43,790        | ---                                   | 2,87,824                    |  |
| Depreciation                                   | ---              | 38,65,913           | 2,44,26,088                   | 1,57,279                                | 25,189                         | 11,95,300          | 4,75,833                   | ---            | 3,01,45,602         | ---                                   | 1,69,778                    |  |
| Disposals                                      | ---              | 48,50,997           | 5,32,566                      | ---                                     | ---                            | 1,97,244           | 36,397                     | ---            | 56,17,204           | ---                                   | ---                         |  |
| <b>Balance as at 31.03.2019</b>                | <b>---</b>       | <b>2,66,30,461</b>  | <b>17,62,65,428</b>           | <b>49,06,429</b>                        | <b>3,78,717</b>                | <b>83,59,540</b>   | <b>28,19,178</b>           | <b>12,435</b>  | <b>21,93,72,188</b> | <b>---</b>                            | <b>4,57,602</b>             |  |
| <b>Carrying Amount 31.03.2019</b>              | <b>49,00,383</b> | <b>9,61,45,540</b>  | <b>27,20,22,373</b>           | <b>8,80,847</b>                         | <b>8,52,024</b>                | <b>51,90,098</b>   | <b>22,15,918</b>           | <b>---</b>     | <b>38,22,07,183</b> | <b>6,66,39,385</b>                    | <b>2,20,513</b>             |  |
| Carrying Amount 31.03.2018                     | 49,00,383        | 10,56,81,025        | 26,20,33,485                  | 10,38,126                               | 1,18,813                       | 63,92,528          | 17,49,211                  | ---            | 38,19,13,571        | 25,47,129                             | 3,90,291                    |  |

**POLYSPIN EXPORTS LIMITED**

**CONSOLIDATED BALANCE SHEET - NOTES FORMING PART OF ACCOUNTS**

| Particulars  | As at 31.03.2019<br>Rs.        | As at 31.03.2018<br>Rs.                    |
|--|--------------------------------|--|
| <b>FINANCIAL ASSETS</b>  |                                |  |
| <b>4. OTHER INVESTMENTS</b>  |                                |  |
| <b>Investments In Equity Instruments<br/>(Unquoted)</b>                    |                                |  |
| <b>Number<br/>(Equity Shares)</b>  | <b>Face Value<br/>Per Unit</b> | <b>Trade Investment (Long term)</b>        |
| 365  | Rs. 1,000/-                    | M/s. Ganesh Agro Pack (P) Ltd, India.      |
| 13,01,119  | SLR 10/-                       | M/s. Lankaspin (P) Ltd., Sri Lanka         |
| 34,700   | Rs. 11/-                       | M/s. OPG Power Generation (P) Ltd., India. |
|  |                                | <b>Investments</b>                         |
|  |                                | <b>1,24,49,526</b>                         |
|  |                                | <b>1,10,28,797</b>                         |
| <b>5. OTHER FINANCIAL ASSETS (NON CURRENT)</b>                             |                                |  |
| Security Deposits with Electricity Board / Others                          | <b>93,14,027</b>               | 84,83,118                                  |
| Loans to Employees   | <b>7,38,151</b>                | 26,14,123                                  |
|  | <b>1,00,52,178</b>             | <b>1,10,97,241</b>                         |
| <b>6. OTHER NON CURRENT ASSETS</b>   |                                |  |
| <b>Unsecured, Considered good</b>  |                                |  |
| Advance to Suppliers / Others  | <b>61,83,383</b>               | 10,05,935                                  |
| <b>7. INVENTORIES</b>  |                                |  |
| Raw Material   | <b>9,72,67,107</b>             | 3,97,32,173                                |
| Rawmaterials - Goods in transit  | <b>72,08,770</b>               | 2,53,02,568                                |
| Stores and Spares  | <b>1,62,55,199</b>             | 1,43,01,830                                |
| Work In Process  | <b>12,50,77,525</b>            | 14,35,88,483                               |
| Finished Goods   | <b>1,88,81,791</b>             | 1,91,13,409                                |
| Process Waste  | <b>24,75,783</b>               | 12,75,724                                  |
|  | <b>26,71,66,175</b>            | <b>24,33,14,187</b>                        |
| <b>8. TRADE RECEIVABLES</b>  |                                |  |
| Unsecured considered good  | <b>21,19,88,622</b>            | 24,80,68,911                               |
| <b>9. CASH AND CASH EQUIVALENTS</b>  |                                |  |
| Cash on Hand   | <b>12,20,699</b>               | 18,46,423                                  |
| Balance with Banks   |                                |  |
| - In Current Accounts  | <b>2,20,65,720</b>             | 1,10,51,422                                |
| - In Unclaimed Dividend Accounts   | <b>29,49,376</b>               | 30,18,660                                  |
|  | <b>2,62,35,795</b>             | <b>1,59,16,505</b>                         |
| <b>10. OTHER BANK BALANCE</b>  |                                |  |
| Fixed deposits with banks having balance maturity of twelve months or less |                                |  |
| - Under Lien   | <b>1,78,08,924</b>             | 1,68,31,948                                |
| - Not Under Lien   | <b>7,22,81,411</b>             | 1,96,80,253                                |
| Bank deposits with more than 12 months maturity                            | ---                            | ---  |
|  | <b>9,00,90,335</b>             | <b>3,65,12,201</b>                         |

**POLYSPIN EXPORTS LIMITED**

**CONSOLIDATED BALANCE SHEET - NOTES FORMING PART OF ACCOUNTS**

| Particulars  | As at 31.03.2019<br>Rs. | As at 31.03.2018<br>Rs. |
|--|-------------------------|-------------------------|
| <b>11. OTHER FINANCIAL ASSETS (CURRENT)</b>  |                         |                         |
| GST / MEIS Scrip / Export Incentive / TED Claim Receivables  | <b>8,25,59,739</b>      | 6,12,79,012             |
| Security Deposit   | <b>46,378</b>           | 38,200                  |
|  | <b>8,26,06,117</b>      | 6,13,17,212             |
| <b>12. OTHER CURRENT ASSETS</b>  |                         |                         |
| Advance to Suppliers / Others - Unsecured, Considered good   | <b>46,64,047</b>        | 75,82,609               |
| Accrued Income   | <b>11,49,408</b>        | 5,080                   |
| Prepaid Expenses   | <b>11,84,862</b>        | 7,72,624                |
| Other Current Assets   | <b>2,09,76,983</b>      | 1,19,33,899             |
|  | <b>2,79,75,300</b>      | 2,02,94,212             |
| <b>13. EQUITY SHARE CAPITAL</b>  |                         |                         |
| <b>-Authorised</b>   |                         |                         |
| 50,00,000 Equity Shares Rs. 10/- each<br>[Previous Year : 50,00,000 Equity Shares of Rs. 10/- each]                | <b>5,00,00,000</b>      | 5,00,00,000             |
| <b>-Issued, Subscribed and Paid up</b>   |                         |                         |
| 40,00,000 Equity Shares Rs. 10/- each fully paid-up.<br>[Previous Year : 40,00,000 Equity Shares of Rs. 10/- each] | <b>4,00,00,000</b>      | 4,00,00,000             |
|  | <b>4,00,00,000</b>      | 4,00,00,000             |
| <b>13.1 Reconciliation of the Number of Shares Outstanding</b>   |                         |                         |
| Number of Shares at the beginning  | <b>40,00,000</b>        | 40,00,000               |
| Number of Shares at the end  | <b>40,00,000</b>        | 40,00,000               |

The Company has only one class of equity shares having a per value of Rs. 10 each. Each holder of equity shares is entitled to one vote per share and carries proportionate right to dividends declared by the company based on their holdings.

**13.2 The details of share holders holding more than 5% shows**

| Particulars                        | As at 31.03.2019 |       | As at 31.03.2018 |       |
|------------------------------------|------------------|-------|------------------|-------|
|                                    | No.of Shares     | %     | No.of Shares     | %     |
| i. Sri. R. Ramji                   | 6,92,385         | 17.31 | 6,60,857         | 16.52 |
| ii. Smt. Durga Ramji               | 3,59,759         | 8.99  | 3,45,209         | 8.63  |
| iii. M/s. Polyspin Private Limited | 2,60,250         | 6.51  | 2,52,800         | 6.32  |

Clause (f) - Share held by holding company or its ultimate holding company including their subsidiaries - Not Applicable.

Clause (h) - Shares reserved for issue under options and contracts / commitments for the sale of shares - Not Applicable.

Clause (i) - Shares allotted in the proceeding five years without payment being received in cash / by way of bonus shares / Shares bought back - Not Applicable.

Clause (j) - Terms of any securities convertible into issued along with the earliest date of conversion - Not applicable.

Clause (k) - Calls unpaid - Not Applicable.

Clause (l) - Forfeited shares - Not Applicable.

**POLYSPIN EXPORTS LIMITED**

**CONSOLIDATED BALANCE SHEET - NOTES FORMING PART OF ACCOUNTS**

| Particulars             | As at 31.03.2019<br>Rs.    | As at 31.03.2018<br>Rs. |
|-------------------------|----------------------------|-------------------------|
| <b>14. OTHER EQUITY</b> |                            |                         |
| a) General Reserves     | <b>28,00,00,000</b>        | 21,00,00,000            |
| b) Capital Reserves     | <b>57,57,316</b>           | 43,16,787               |
| b) Retained Earnings    | <b>96,07,571</b>           | 98,11,559               |
|                         | <b><u>29,53,64,887</u></b> | <u>22,41,28,346</u>     |

**14.1 Movement in Other Equity**

| Particulars  | Reserves and Surplus |                  |                      |                     |
|--|----------------------|------------------|----------------------|---------------------|
|  | Reserves             | Capital Reserves | Retained Earnings    | Total               |
| <b>Other Equity as at 01.04.2017</b>                         | <b>16,61,00,000</b>  | <b>41,48,611</b> | <b>87,07,731</b>     | <b>17,89,56,342</b> |
| Add : Profit / (Loss) for the year                           | ----                 | 1,68,176         | 5,02,08,023          | <b>5,03,76,199</b>  |
| Add : Other Comprehensive Income                             | ----                 | ---              | 1,68,297             | <b>1,68,297</b>     |
| Add: Provision for Taxation (Previous Year-Excess withdrawn) | ----                 | ---              | 7,02,521             | <b>7,02,521</b>     |
| Less: Provision for Taxation Previous Year                   | ----                 | ---              | 1,61,812             | <b>1,61,812</b>     |
| Less: Provision for Taxation Previous Year                   | ----                 | ---              | 6,21,430             | <b>6,21,430</b>     |
| Dividend Paid  | ----                 | ---              | 43,14,604            | <b>43,14,604</b>    |
| Dividend tax paid  | ----                 | ---              | 9,77,167             | <b>9,77,167</b>     |
| Transfer to General Reserve                                  | 4,39,00,000          | ---              | <b>(4,39,00,000)</b> | ----                |
| <b>Other Equity as at 31.03.2018</b>                         | <b>21,00,00,000</b>  | <b>43,16,787</b> | <b>98,11,559</b>     | <b>22,41,28,346</b> |
| Add : Profit / (Loss) for the year                           | ----                 | ---              | 7,30,75,818          | <b>7,30,75,818</b>  |
| Add : Adjustments  | ----                 | 14,40,529        | ----                 | <b>14,40,529</b>    |
| Add : Other Comprehensive Income                             | ----                 | ---              | 23,09,484            | <b>23,09,484</b>    |
| Less : Provision for Taxation Previous Year                  | ----                 | ---              | 86,283               | <b>86,283</b>       |
| Less : Dividend Paid   | ----                 | ---              | 45,25,840            | <b>45,25,840</b>    |
| Less : Dividend tax paid                                     | ----                 | ---              | 9,77,167             | <b>9,77,167</b>     |
| Transfer to General Reserve                                  | 7,00,00,000          | ---              | <b>(7,00,00,000)</b> | ----                |
| <b>Other Equity as at 31.03.2019</b>                         | <b>28,00,00,000</b>  | <b>57,57,316</b> | <b>96,07,571</b>     | <b>29,53,64,887</b> |

**CAPITAL RESERVE :-**

Capital reserve on consolidation represents excess of the Parent's share of the net fair value of the Investment in Associates over the cost of the Investment is recognised directly in other equity as capital reserve upon transition.

**GENERAL RESERVE :-**

General reserve is used from time to time to transfer profits from retained profits. There is no policy of regular transfer.

**RETAINED EARNINGS :-**

Represents that portion of the net income of the company that has been retained by the company.

**FVTOCI RESERVE :-**

Fair value through other Comprehensive Income Reserve represents the balance in equity for items to be accounted in Other Comprehensive Income (OCI). The Company has opted to recognise the change in the fair value of certain investments in equity instruments and remeasurement of defined benefit obligations in OCI. The Company transfer amount from this reserve to Retained Earnings in case of actuarial loss / gain and in case of fair value recognition of equity instrument, the same will be transferred when the respective equity instruments are derecognised.

**POLYSPIN EXPORTS LIMITED**

**CONSOLIDATED BALANCE SHEET - NOTES FORMING PART OF ACCOUNTS**

| Particulars  | As at 31.03.2019<br>Rs. | As at 31.03.2018<br>Rs. |
|--|-------------------------|-------------------------|
| <b>15. BORROWINGS (NON CURRENT)</b>  |                         |                         |
| <b>-Secured</b>  |                         |                         |
| <b>Term Loan from City Union Bank</b>  | <b>10,97,46,367</b>     | 8,59,58,059             |
| <b>- From Others</b>   |                         |                         |
| Hire Purchase Loan   | <b>30,16,040</b>        | 22,78,639               |
|  | <b>11,27,62,407</b>     | <b>8,82,36,698</b>      |
| 15.1 Rupee Term Loan and Working capital finance from Bank is secured by a First charge, by way of equitable mortgage of specified assets under this loan. |                         |                         |
| 15.2 Hire Purchase Loan is secured by hypothecation of Specified Vehicle purchased under the Scheme.   |                         |                         |
| 15.3 The Loans are additionally secured by Personal Guarantee of Promoter Director of the Company.   |                         |                         |
| 15.4 The Term Loan from Bank are repayable in equated monthly installments.  |                         |                         |
| 15.5 Repayment to Term Loan :  |                         |                         |
| Facility 1 - Rs. 50.00 Lakhs Balance amount is repayable in 13 equated monthly installments starting from April-2020                                       |                         |                         |
| Facility 2 - Rs. 328.09 Lakhs Balance amount is repayable in 17 equated monthly installments starting from April-2020                                      |                         |                         |
| Facility 3 - Rs. 55.11 Lakhs Balance amount is repayable in 25 equated monthly installments starting from April-2020                                       |                         |                         |
| Facility 4 - Rs. 57.00 Lakhs Balance amount is repayable in 38 equated monthly installments starting from April-2020                                       |                         |                         |
| Facility 5 - Rs. 607.26 Lakhs Balance amount is repayable in 51 equated monthly installments starting from April-2020                                      |                         |                         |
| <b>16. DEFERRED TAX LIABILITIES</b>  |                         |                         |
| Deferred Tax Liabilities   | <b>3,86,43,000</b>      | 3,51,83,000             |
| <b>17. BORROWINGS (CURRUNT)</b>  |                         |                         |
| <b>-Secured</b>  |                         |                         |
| From City Union Bank   |                         |                         |
| - Foreign Currency loan on Raw Material  | <b>95,60,203</b>        | 81,68,596               |
| - Foreign Bills Discounted   | <b>12,03,59,677</b>     | 15,42,56,483            |
| - Packing Credit in foreign currency / Export Packing Credit   | <b>21,89,27,950</b>     | 15,58,13,538            |
| - Short Term Loan  | <b>5,03,44,850</b>      | ---                     |
| - Cash Credit on Raw Material and Book debts   | <b>5,01,78,680</b>      | 9,23,04,464             |
|  | <b>44,93,71,360</b>     | 41,05,43,081            |
| 17.1 Working Capital Finance from Bank is further secured by hypothecation of all Current Assets of the Company.   |                         |                         |
| 17.2 The Loans are additionally secured by Personal Guarantee of Promoter Director of the Company.   |                         |                         |
| <b>18. TRADE PAYABLES</b>  |                         |                         |
| Trade Payables   | <b>15,83,77,118</b>     | 15,84,46,556            |
| <b>19. OTHER FINANCIAL LIABILITIES</b>   |                         |                         |
| Unpaid Dividend  | <b>16,91,213</b>        | 20,34,657               |
| Liability for Operating and Other Expenses   | <b>2,78,51,219</b>      | 2,96,85,404             |
| Liability for Other Finance  | <b>6,94,545</b>         | 6,80,159                |
|  | <b>3,02,36,977</b>      | 3,24,00,220             |
| <b>20. OTHER CURRENT LIABILITIES</b>   |                         |                         |
| Current Liability for Long Term Debt   | <b>4,94,20,687</b>      | 3,32,00,000             |
| Liability for Operating and Other Expenses   | <b>19,13,214</b>        | 10,62,525               |
| Advance from Customers   | <b>6,21,985</b>         | 6,61,774                |
|  | <b>5,19,55,886</b>      | 3,49,24,299             |
| <b>21. PROVISIONS</b>  |                         |                         |
| Provision for Taxation   | <b>3,19,00,000</b>      | 2,26,00,000             |

**POLYSPIN EXPORTS LIMITED**

**CONSOLIDATED BALANCE SHEET - NOTES FORMING PART OF ACCOUNTS**

| Particulars  | For the Year ended<br>31.03.2019<br>Rs. | For the Year ended<br>31.03.2018<br>Rs. |
|--|---|---|
| <b>22. SALES / REVENUE FROM OPERATIONS</b>   |   |   |
| <u>Export Sales</u>  |   |   |
| - FIBC Bags / Fabric / Yarn  | 173,89,22,045                           | 143,01,64,017                           |
| - Cotton Yarn  | 1,75,78,028                             | 5,12,978                                |
| <u>Merchant Export Sales</u>   |   |   |
| - FIBC Bags / Fabric / Yarn  | ----                                    | 2,33,63,613                             |
| - Cotton Yarn  | 3,13,15,200                             | 4,30,36,320                             |
| <u>Domestic Sales</u>  |   |   |
| - FIBC Bags / Fabric / Yarn  | 25,95,455                               | 2,36,94,400                             |
| - Cotton Yarn  | 23,44,20,125                            | 21,93,19,592                            |
| Central Excise Duty  | ----                                    | 15,57,546                               |
|  | <u>202,48,30,853</u>                    | <u>174,16,48,466</u>                    |
| Less : Sales Return  | 5,31,400                                | ----                                    |
|  | <u>202,42,99,453</u>                    | <u>174,16,48,466</u>                    |
| <b>OTHER OPERATING INCOME</b>  |   |   |
| Sale of Plastic scrap  | 2,74,58,102                             | 2,54,24,526                             |
| Sale of Cotton Waste   | 28,66,782                               | 23,56,776                               |
| MEIS Duty Credit Scrip - Sales   | 6,56,54,100                             | 3,97,90,655                             |
| Rebate on Service Tax  | 4,995                                   | 7,73,314                                |
|  | <u>212,02,83,432</u>                    | <u>180,99,93,737</u>                    |
| <b>23. OTHER INCOME</b>  |   |   |
| Interest Receipts  | 43,31,358                               | 28,69,599                               |
| Dividend Receipts  | 36,500                                  | 37,197                                  |
| Foreign Exchange Fluctuations  | 2,27,76,819                             | 10,94,747                               |
| Profit on Sale of Land   | ----                                    | 4,48,035                                |
| Profit on Sale of Vehicle  | ----                                    | 6,640                                   |
| Exports Incentive  | 2,81,041                                | ---                                     |
| Quality Claim Charges  | 63,925                                  | ---                                     |
| Profit on Sale of Equity Shares  | 900                                     | ---                                     |
| Sale of Tender Form  | 4,018                                   | ---                                     |
| Sale of Fire affected items  | 10,29,546                               | ---                                     |
|  | <u>2,85,24,107</u>                      | <u>44,56,218</u>                        |
| <b>24. COST OF RAW MATERIAL CONSUMED</b>   |   |   |
| Polypropylene Granules and Master Batch  | 91,94,05,070                            | 79,41,35,957                            |
| Printing Materials   | 72,26,682                               | 96,85,499                               |
| Yarn   | 8,63,79,390                             | 5,75,50,152                             |
| Cotton Yarn / Hank yarn purchases  | 19,78,186                               | 11,19,326                               |
| Cotton & Cotton Waste  | 21,50,95,934                            | 19,21,65,705                            |
| BOPP Film Purchases  | 32,82,796                               | 33,30,172                               |
| LLDPE Liner Purchases  | 42,99,564                               | 12,89,610                               |
| Kraft Paper Purchases  | 36,79,492                               | 67,23,559                               |
| Fabric Purchases   | 1,76,30,170                             | 1,24,15,878                             |
|  | <u>125,89,77,284</u>                    | <u>107,84,15,858</u>                    |
| <b>25. CHANGES IN / INVENTORIES OF FINISHED GOODS, STOCK-IN-PROCESS &amp; STOCK-IN-TRADE</b> |   |   |
| Opening Stock  | 16,39,77,616                            | 14,83,54,445                            |
| Closing Stock  | 14,64,35,099                            | 16,39,77,616                            |
|  | <u>1,75,42,517</u>                      | <u>(1,56,23,171)</u>                    |

**POLYSPIN EXPORTS LIMITED**

**CONSOLIDATED BALANCE SHEET - NOTES FORMING PART OF ACCOUNTS**

| Particulars                              | For the Year ended<br>31.03.2019<br>Rs. | For the Year ended<br>31.03.2018<br>Rs. |
|--|---|---|
| <b>26. EMPLOYEE BENEFITS EXPENSE</b>     |   |   |
| Remuneration to Managing Director        | 1,00,85,187                             | 61,80,846                               |
| Salaries & Wages                         | 21,69,76,664                            | 18,10,20,376                            |
| P.F. & E.S.I. Contribution               | 3,02,40,929                             | 2,72,78,515                             |
| Labour Welfare Expenses                  | 2,20,54,274                             | 1,84,46,085                             |
| LIC Group Gratuity                       | 89,05,783                               | 1,71,57,853                             |
| Bonus                                    | 1,87,19,172                             | 1,55,53,002                             |
|  | <u>30,69,82,009</u>                     | <u>26,56,36,677</u>                     |
| <b>27. FINANCE COSTS</b>                 |   |   |
| Interest on                              |   |   |
| - Fixed Loans                            | 1,17,34,031                             | 1,49,94,371                             |
| - Working Capital facilities             | 3,46,23,922                             | 2,93,69,580                             |
| - Others Borrowing cost                  | 4,483                                   | 5,669                                   |
| H.P. Finance Charges                     | 3,02,782                                | 2,09,175                                |
|  | <u>4,66,65,218</u>                      | <u>4,45,78,795</u>                      |
| <b>28. OTHER EXPENSES</b>                |   |   |
| <b>Manufacturing Expenses</b>            |   |   |
| Repairs & Maintenance                    |   |   |
| - Building                               | 33,08,779                               | 62,97,176                               |
| - Machinery                              | 45,22,353                               | 37,52,447                               |
| - General                                | 17,67,110                               | 16,70,033                               |
| Processing Charges paid                  | 5,93,26,217                             | 4,04,04,356                             |
| Stores & Spares Consumed                 | 8,76,38,676                             | 7,17,98,559                             |
| Power & Fuel                             | 8,81,21,721                             | 7,98,57,039                             |
|  | <u>24,46,84,856</u>                     | <u>20,37,79,610</u>                     |
| Postage & Telephone                      | 37,27,799                               | 40,36,715                               |
| Printing & Stationery                    | 21,79,486                               | 16,55,489                               |
| Travelling Expenses                      | 1,07,35,840                             | 69,83,261                               |
| Director's sitting fees                  | 2,20,000                                | 1,57,500                                |
| Bank Charges                             | 95,48,920                               | 77,03,313                               |
| Corporate Social Responsibility (CSR)    | 5,52,162                                | 1,32,512                                |
| Central Excise Duty                      | ----                                    | 15,57,546                               |
| Professional Charges                     | 50,87,428                               | 27,28,261                               |
| Licence, Taxes & Fees                    | 17,02,052                               | 14,19,817                               |
| Insurance Charges                        | 48,59,421                               | 35,90,254                               |
| Subscription & Periodicals               | 4,39,823                                | 3,99,510                                |
| Filing Fees                              | 2,49,532                                | 50,100                                  |
| Audit Fees                               | 2,30,500                                | 1,50,000                                |
| Vehicle Maintenance                      | 50,71,932                               | 42,60,899                               |
| Miscellaneous Expenses                   | 8,91,207                                | 6,04,242                                |
| Ineligible ITC                           | 28,09,133                               | 6,18,548                                |
| Commission paid                          | 47,02,683                               | 44,51,619                               |
| Donation                                 | 22,500                                  | 2,68,500                                |
| Rent                                     | 18,72,387                               | 20,19,496                               |
| Quality Claim Charges                    | 3,87,894                                | 31,08,914                               |
| Testing Charges                          | 20,32,351                               | 17,72,539                               |
| Service Tax                              | 8,86,445                                | 10,62,151                               |
| Loss on Forex Fluctuations               | 1,39,86,147                             | 1,63,689                                |
| Sales Promotion Expenses                 | 42,10,406                               | 77,81,350                               |
| Ocean Freight                            | 4,64,26,747                             | 5,16,77,766                             |
| Lorry Freight                            | 55,38,551                               | 1,81,15,147                             |
| Loss on Sale of Assets                   | 8,44,017                                | 11,02,478                               |
| Bad debts written off                    | 8,331                                   | 46,02,583                               |
| Sales Discount                           | 38,618                                  | 77,707                                  |
| Provision for Diminuation on Investments | ----                                    | 38,880                                  |
| Fire Resue Operation Expenses            | 2,72,573                                | ---                                     |
| Loss on Factory Building (Fire Accident) | 56,69,572                               | ----                                    |
|  | <u>37,98,89,313</u>                     | <u>33,60,70,396</u>                     |

**29. NOTES FORMING PART OF ACCOUNTS:-**

29.1. 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.

|  | Rs. in Lakhs             |                          |
|--|--------------------------|--------------------------|
| 29.2. EARNINGS PER SHARE :   | Year Ended<br>31-03-2019 | Year Ended<br>31-03-2018 |
| a) Total Comprehensive Income (after Tax)  | 768.25                   | 505.27                   |
| b) Number of Equity Shares   | 40,00,000                | 40,00,000                |
| c) Basic and diluted Earnings per share<br>(Face Value Rs.10/- per Equity Share) | 19.21                    | 12.63                    |

29.3 The Investment in Associate Company is consolidated under Equity method of Accounting and the share of profit of associates is taken for financial results of Quarterly and Year ended 31st March, 2019 and corresponding results of previous period figures regrouped / reinstated wherever found necessary.

**29.4. Status on Fire Accident Claim:-**

Please note that there was a fire accident at the company's factory on Monday, 4th June, 2018 and was brought under control by the Fire brigade. The unaudited financial results for the quarter ended 30th June, 2018 and year ended 31st March, 2019 is arrived at after considering a loss of Rs. 621.22 Lakhs towards cost of Current Assets and Fixed Assets damaged due to fire accident. The total claim made by the company with respect to loss of stock, factory building and fire rescue expenses aggregating Rs. 717 Lakhs with the Insurance Company. The Company is pursuing the Insurance Company to settle the claim amount as early as possible.

**30. Financial Risk Management:-**

The company's principal financial liabilities comprise of borrowings, trade and other payables. The main purpose of these financial liabilities is to manage finances for the company's operations. The company's principal financial assets include loans and advances, trade receivables and cash and bank balances that arise directly from its operations.

The company also enters into derivative transaction to hedge foreign currency and not for speculative purposes. The company is exposed to Market risk, Credit risk and Liquidity risk and the company's senior management oversees the management of these risks.

**30.1. Market Risk**

Market Risk is the risk that the fair value of future cash flows of a financial asset will fluctuate because of changes in market prices. The company's activities expose it to a variety of financial risks, including the effect of changes in foreign currency exchange rates and interest rates.

**30.2. Currency Risk**

Foreign Currency risk is the risk that fair value of future cash flow of an exposure will fluctuate because of changes in foreign exchange rates.

The company's exposure in USD and other foreign currency denominated transactions in connection with exports of finished goods, besides import of raw materials, capital goods and spares, etc., purchased in foreign currency, gives rise to exchange rate fluctuation risk. The company has following policies to mitigate this risk:

The company has entered into foreign currency forward contracts both for export and import, after taking into consideration of the anticipated foreign exchange inflows / outflows, timing of cash flows, tenure of the forward contract and prevailing foreign exchange market conditions.

**Details of Derivative Instruments Outstanding (hedged):-**

|                  | As at 31.03.2019    |                  | As at 31.03.2018    |                  |
|------------------|---------------------|------------------|---------------------|------------------|
|                  | USD<br>(In Million) | Rs.<br>(In Laks) | USD<br>(In Million) | Rs.<br>(In Laks) |
| Forward contract |                     |                  |                     |                  |
| <b>SOLD :</b>    |                     |                  |                     |                  |
| USD / INR        | 1.33                | 928.01           | ----                | ----             |
| <b>BOUGHT :</b>  |                     |                  |                     |                  |
| USD / INR        | 4.20                | 2858.83          | 5.38                | 3599.49          |

**The company's exposure to foreign currency risk (un-hedged) as detailed below :-**

| Particulars                       | As at 31.03.2019 | As at 31.03.2018 |
|-----------------------------------|------------------|------------------|
| <b>Currency (USD in Millions)</b> | Nil              | 1.358            |
| Rs. in Lakhs                      | Nil              | 908.92           |

**Risk sensitivity on Foreign Currency Fluctuations:-**

The company evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks. It hedges a part of these risks by using derivative financial instruments in accordance with its risk management policies.

The foreign exchange rate sensitivity is calculated for each currency by aggregation of the net foreign exchange rate exposure of a currency and a simultaneous parallel foreign exchange rates shift in the foreign exchange rates by 3 %

The following analysis is based on the gross exposure as of the relevant balance sheet date, which could affect the income statement.

The following table sets forth the information relating to foreign currency exposure as at 31.03.2019 and 31.03.2018.

(Rs. in Lakhs)

| Particulars      | As at 31.03.2019 |                | As at 31.03.2018 |                |
|------------------|------------------|----------------|------------------|----------------|
|                  | 3%<br>Increase   | 3%<br>Decrease | 3%<br>Increase   | 3%<br>Decrease |
| <b>USD / INR</b> | 113.60           | 113.60         | 107.98           | 107.98         |

**30.3. Interest Rate Risk**

Interest rate risk is the risk that the fair value of future cash flows of an exposure will fluctuate because of changes in market interest rates. The company's exposure to the risk of changes in market interest rates related primarily to the company's long term debt obligation with floating interest rates.

## POLYSPIN EXPORTS LIMITED

The company's fixed rate borrowings are carried at amortized cost and therefore are not subject to interest rate risk as defined in IND AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of change in market interest rates.

The following table shows the fixed rate borrowings of the company :- (Rs. in Lakhs)

|                          | As at 31.03.19 | As at 31.03.18 |
|--------------------------|----------------|----------------|
| Fixed rate borrowings    | 1097.46        | 869.58         |
| Floating Rate borrowings | Nil            | Nil            |

### 30.4. Credit Risk

Credit risk is the risk that a counter party will not meet its obligation under a financial instrument or customer contract, leading to a financial loss. The company is exposed to credit risk from its operating activities, primarily trade receivables and from its financing activities, including deposits with banks and other financial instruments.

#### Trade Receivables

The company extends credit to customers in the normal course of business. Outstanding customer receivables are regularly monitored. The company has also taken advances from its customers, which mitigate the credit risks to an extent. An impairment analysis is performed at each reporting date on an individual basis for major customers.

**Details of trade receivables is given below:-** (Rs. in Lakhs)

| Trade Receivables              | Outstanding      |                  |
|--------------------------------|------------------|------------------|
|                                | As at 31.03.2019 | As at 31.03.2018 |
| Unsecured - considered Good    | 2,119.89         | 2480.69          |
| Doubtful                       | ---              | 46.02            |
| Less : Provision for Bad debts | ---              | (46.02)          |
| <b>Total</b>                   | <b>2,119.89</b>  | <b>2480.69</b>   |

#### Deposits with banks

Generally the company has maintained fixed deposits and balance with the banks with which the company has also availed borrowings. The company does not maintain significant cash balances other than those required for its day to day operations.

### 30.5. Liquidity Risk

Liquidity risk is the risk that the company may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The company's objective is to maintain a balance between continuity or funding and flexibility through the use of Packing credit loan, Letter of credit, Buyer's credit and Working capital limits. The company ensures it has sufficient cash to meet its operational needs while maintaining sufficient margin on its undrawn borrowing facilities at all times.

The company has access to the following undrawn borrowing facilities at the end of the reporting period:- (Rs. in Lakhs)

| Particulars   | As at 31.03.19 | As at 31.03.18 |
|---|----------------|----------------|
| Floating Rate<br>- Expiring within one year-<br>working capital limits. | 28.33          | 77.93          |

### 30.6. Capital Management:-

For the purpose of the company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity share holders of the company. The primary objective of the company's capital management is to safeguard continuity, maintain healthy capital ratios in order to support its business and maximize share holder value. The company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The funding requirement is met through capital, internal accruals, long term borrowings and short term borrowings.

In order to achieve this overall objective the company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest bearing loans and borrowings that define capital structure requirements.

(Rs in Lakhs)

| Particulars                            | As at 31.03.2019 | As at 31.03.2018 |
|--|------------------|------------------|
| Long Term Borrowings                   | 1,127.62         | 882.37           |
| Current liability for long term debt   | 494.21           | 332.00           |
| Short Term Borrowings                  | 4,493.71         | 4,105.43         |
| Less: Cash and Cash Equivalent         | 1,163.26         | 524.29           |
| <b>Net Debt (A)</b>                    | <b>4,952.28</b>  | <b>4,795.51</b>  |
| Equity share capital                   | 400.00           | 400.00           |
| Other Equity                           | 2,953.65         | 2,241.28         |
| <b>Total Equity (B)</b>                | <b>3,353.65</b>  | <b>2,641.28</b>  |
| Total Capital Employed (C) = (A) + (B) | <b>8,305.93</b>  | <b>7,436.79</b>  |
| <b>Capital gearing Ratio A/C</b>       | <b>59.62%</b>    | <b>64.48%</b>    |

There have been no breaches in the financial covenants of any interest bearing loans / borrowing.

The company has been consistently focusing on reduction in long term borrowings.

### 30.7. Fair value of Financial Assets and Liabilities:-

Comparison by class of the carrying amounts and fair value of the company's financial instruments that are recognized in the financial statements:

Financial Instruments by category

Rs. In Lakhs

| Particulars                    | As at 31.03.2019 |            | As at 31.03.2018 |            |
|--------------------------------|------------------|------------|------------------|------------|
|                                | Carrying Value   | Fair Value | Carrying Value   | Fair Value |
| <b>Financial Assets :</b>      |                  |            |                  |            |
| Other Investments              | 124.49           | 124.49     | 110.29           | 110.29     |
| Trade Receivables              | 2,119.89         | 2,119.89   | 2,480.69         | 2,480.69   |
| Cash and Bank Balances         | 262.36           | 262.36     | 159.16           | 159.16     |
| Other Bank Balances            | 900.90           | 900.90     | 365.12           | 365.12     |
| Other Financial Assets         | 826.06           | 826.06     | 613.17           | 613.17     |
| <b>Financial Liabilities :</b> |                  |            |                  |            |
| Borrowings                     | 4,493.71         | 4,493.71   | 4,105.43         | 4,105.43   |
| Trade Payables                 | 1,583.77         | 1,583.77   | 1,584.46         | 1,584.46   |
| Other Financial Liabilities    | 302.37           | 302.37     | 324.00           | 324.00     |

During the year ended 31st March, 2019 and 31st March, 2018, there are no transfer between Level 1 and Level 2 fair value measurements and no transfer into and out of Level 3 fair value measurements, and there is no transaction / balance under Level 3.

#### **Fair Valuation Technique:**

The company maintains policies and procedures to value financial assets or financial liabilities using the best and most relevant data available. The fair values of the financial assets and liabilities are included at the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used to estimate certain fair values:-

1. Fair value of cash deposits, trade receivables, trade payables and other current financial assets and liabilities approximate their carrying amount largely due to the short term maturities of these instruments.
2. The fair value of derivatives are based on marked to market valuation statements received from banks with whom the company has entered into the relevant contracts.

#### **Fair value hierarchy:**

The following table provides the fair value measurement hierarchy of company's assets and liabilities, grouped into level 1 to level 3 as described below:-

1. Quoted prices / Published NAV (unadjusted) in active markets for identical assets or liabilities (Level 1)
2. Inputs other than quoted prices included within Level 1 that are observable for the asset or liability (i.e. as prices) or indirectly (i.e. derived from prices) Level 2. It includes fair value of the financial instruments that are not traded in an active market (for example, over the counter derivatives) and are determined by using valuation technique. These valuation techniques maximize the use of observable market data where it is available and

rely as little as possible on the company specific estimates. If all significant inputs required to fair value an instrument are observable, then the instrument is included in level 2.

3. Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs) Level 3. If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

31. In March 2018, The ministry of Corporate Affairs issued the companies (Indian Accounting standards), (Amendments) Rules 2018, notifying the new standard IND AS 115 on Revenue from contracts with customers and it is applicable from 01.04.2018.

- Replaces IND AS 18 Revenue, and IND AS 11 Construction contracts
- Establishes a new control based revenue recognition model
- Provides new and more detailed guidance on specific topics such as multiple element arrangements, variables consideration, rights of return, warranties, principal versus agent consideration, consignment arrangements, bill and hold arrangements and licensing, to name a few.

Revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

Adoption of IND AS 115 is not expected to have any impact on the company's revenue and profit or loss. The company expects the revenue recognition to occur at a point in time when the materials are delivered at the customer's in case of FIBC bags, PP fabric, PP yarn, Paper bag & cotton yarn.

#### **32. Significant Estimates and Judgements**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures, and the disclosure of contingent liabilities. Actual results could vary from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision or future periods, if the revision affects both current and future years.

Accordingly, the management has applied the following estimates / assumptions / judgements in preparation and presentation of financial statements:

#### **Property, Plant and Equipment, Intangible Assets:-**

The residual values estimated useful life of PPEs & Intangible assets are assessed by technical team duly reviewed by the management at each reporting date. Wherever the management believes that the assigned useful life and

residual value are appropriate, such recommendations are accepted and adopted for computation of depreciation / amortization.

**Current Taxes:-**

Calculations of Income Taxes for the current period are done based on applicable tax laws and managements judgement by evaluating positions taken in tax returns and interpretation of relevant provisions of law.

**Deferred Tax rate (Including MAT Credit Entitlement)**

Significant Management judgement is exercised by reviewing the deferred tax assets at each reporting date to determine the amount of deferred tax assets that can be retained / recognized, based upon the likely with future tax planning strategies.

**Contingent Liabilities:-**

Management judgement is exercised for estimating the possible outflow of resources, if any, in respect of Contingencies / Claims / Litigation against the company as it is not possible to predict the outcome of pending matters with accuracy.

**Impairment of Trade receivables:-**

The impairment for financial assets are done based on assumption about risk of default and expected loss rates. The assumptions, selection of inputs for calculation of impairment are based on management judgement considering the past history, market condition and forward booking estimates at the end of each reporting date.

**Impairment of Non-Financial Asset (PPE / Intangible Assets)**

The impairment of Non-Financial Assets is determined based on estimated of recoverable amount of such assets. The assumptions used in computing the recoverable amount are based on management judgement considering the timing of future cash flow, discount rates and risks specific to the asset.

**Defined Benefit Plans and Other Long Term Benefits:-**

The cost of the defined benefit plan and other long term benefits and the present value of such obligation are determined by the independent actuarial values. Management believes that the assumptions used by the actuary in determination of discount rate, future salary increases, mortality rates and attrition rates are reasonable. Due to the complexities involved in the valuation and its long term nature, this obligation is highly sensitive to changes in these assumptions.

**Fair Value measurement of Financial Instruments:-**

When the fair values of financial assets and financial liabilities could not be measured based on quoted prices in active markets, management uses valuation techniques including the discounted cash flow (DCF) model, to determine its fair value. The inputs to these models are taken from

observable markets where possible, but where there is no feasible, a degree of judgements is exercised in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility.

**Interest in other Entities:-**

Significant management judgement is exercised in determining the interest in other entities. The management believes that wherever there is significant in finance over certain companies belong to its group, such companies are treated as associated companies even though it holds less than 20% of the voting right.

**Investments**

Non-current investments in Associate are carried at cost less provision for diminution, other than temporary, if any, in the value of such investments.

**Earnings per Share**

The earnings considered in ascertaining the Company's Earnings per Share (EPS) comprise net profit after tax (and include the post-tax effect of any extra ordinary items). The number of shares used in computing basic EPS is the weighted average number of shares outstanding during the year.

**Disclosure of Interests in Associate Companies :**

| Name of the Entity        | Place of Business | Principal Activities of Business |
|---------------------------|-------------------|----------------------------------|
| Lankaspin Private Limited | Sri Lanka         | Manufacturer of PP Woven Bags    |

| Particulars                 | As at 31.03.2019 | As at 31.03.2018 |
|-----------------------------|------------------|------------------|
| Ownership held by the Group | 38.48%           | 38.48%           |

**The Summarised Separate financial information of associate company is given below :**

**M/s. Lankaspin Private Limited, Srilanka.**

| Balance Sheet   | 31.03.2019          | 31.03.2018         |
|---|---------------------|--------------------|
| Non-Current assets                                    | 2,82,79,542         | 3,25,14,343        |
| Current assets  | 9,84,44,759         | 6,25,46,636        |
| <b>Total Assets</b>                                   | <b>12,67,24,301</b> | <b>9,50,60,979</b> |
| Non-Current liabilities                               | 47,41,069           | 42,38,923          |
| Current liabilities                                   | 9,28,10,907         | 6,41,52,883        |
| <b>Total Liabilities</b>                              | <b>9,75,51,976</b>  | <b>6,83,91,806</b> |
| <b>Total Equity</b>                                   | <b>2,91,72,325</b>  | <b>2,66,69,173</b> |
| <b>Profit and Loss</b>                                |                     |                    |
| Revenue   | 27,56,93,187        | 18,02,58,809       |
| Profit of the year                                    | 37,43,579           | 4,37,048           |
| Other Comprehensive income                            | ---                 | ---                |
| Total Comprehensive income                            | 37,43,579           | 4,37,048           |
| <b>Summarised Cash flow</b>                           |                     |                    |
| Cash flows from operating activities                  | 5,08,512            | 84,21,725          |
| Cash flows from investing activities                  | (2,05,158)          | (50,21,662)        |
| Cash flows from financing activities                  | (17,25,834)         | (39,38,167)        |
| Net Increase /(Decrease) in cash and cash equivalents | (14,22,480)         | (5,38,105)         |

**POLYSPIN EXPORTS LIMITED**

| <b>Profit and Loss</b>       | <b>31.03.2019</b> | <b>31.03.2018</b> |
|------------------------------|-------------------|-------------------|
| Total Revenue                | 27,56,93,187      | 18,02,58,809      |
| Profit before tax            | 50,87,802         | 12,62,338         |
| Tax expenses                 | 13,44,223         | 8,25,290          |
| Profit after tax             | 37,43,579         | 4,37,048          |
| Share of profit in Associate | 14,40,529         | 1,68,176          |
| OCI                          | ----              | ----              |
| TCI                          | 37,43,579         | 4,37,048          |

**Reconciliation to the carrying amount of investment in associates as on 31.03.2019**

| <b>Profit and Loss</b>  | <b>31.03.2019</b> | <b>31.03.2018</b> |
|---|-------------------|-------------------|
| Entity TCI  | 37,43,579         | 4,37,048          |
| Effective shareholding %  | 38.48%            | 38.48%            |
| Associates share of profit / OCI                                  | 14,40,529         | 1,68,176          |
| Less : unrealized profit on Intercompany Transaction (net of tax) | ----              | ----              |
| Amount recognized in P & L  | 14,40,529         | 1,68,176          |
| Reconciliation  | ----              | ----              |
| Opening Carrying cost   | 1,02,62,297       | 1,00,94,121       |
| Less: treasury share Adjustment                                   | ----              | ----              |
| Add: Fair value of corporate guarantee obligation given           | ----              | ----              |
| Add : Associates share of profit / OCI                            | 14,40,529         | 1,68,176          |
| Less : Sale / Reversal of OCI share                               | ----              | ----              |
| Less : Dividend Received  | ----              | ----              |
| Net Carrying Amount   | 1,17,02,826       | 1,02,62,297       |

**33. DISCLOSURE PURSUANT TO INDIAN ACCOUNTING STANDARD 19 - EMPLOYEE BENEFITS**

**Defined Contribution Plan:**

Contributions under Defined Contribution Plan as recognised in the Statement of Profit and Loss by the Company are as follows:

| <b>Particulars</b>               | <b>Rs. in Lakhs</b> |                |
|----------------------------------|---------------------|----------------|
|                                  | <b>2018-19</b>      | <b>2017-18</b> |
| Employer's contribution towards: |                     |                |
| - Provident Fund & EPS           | 217.09              | 199.75         |
| - Employee State Insurance       | 85.31               | 73.03          |

**Defined Benefit Plan (Gratuity):**

The Company provides for gratuity for employees as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement / termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service.

The Employees Gratuity Fund Scheme, which is a defined benefit plan, is managed by a trust maintained with Life Insurance Corporation of India (LIC)

The present value of the obligation is determined based on actuarial valuation using Projected Units Credit Method, which recognises each period of service as giving rise to additional units of employees benefit entitlement and measures each unit separately to build up the final obligation.

The following table sets out the details of amount recognised in the financial statements in respect of employee benefit schemes:

**A. Change in Defined Benefit Obligation**

| <b>Particulars</b>                              | <b>Financial Year Ending 31.03.2019</b> | <b>Financial Year Ending 31.03.2018</b> |
|---|---|---|
| Defined Benefit Obligation at beginning of year | 2,71,66,676                             | 2,08,80,019                             |
| Current Service Cost                            | 58,31,119                               | 49,69,467                               |
| Past Service Cost                               | ----                                    | 15,61,494                               |
| Interest Expense                                | 19,32,528                               | 15,43,534                               |
| Benefit Payments from Plan Assets               | (50,96,969)                             | (19,26,901)                             |
| Re-measurements - Due to Financial Assumptions  | 9,88,830                                | (2,50,810)                              |
| Re-measurements - Due to Experience Adjustments | 16,68,180                               | 3,89,872                                |
| Defined Benefit Obligation at end of year       | 3,24,90,364                             | 2,71,66,676                             |
| Discount Rate                                   | 7.50%                                   | 7.85%                                   |
| Salary Escalation Rate                          | 5.00%                                   | 5.00%                                   |

**B. Change in fair value of Plan Assets**

| <b>Particulars</b>  | <b>Financial Year Ending 31.03.2019</b> | <b>Financial Year Ending 31.03.2018</b> |
|---|---|---|
| Fair value of Plan Assets at beginning of year                | 2,58,26,802                             | 1,81,78,798                             |
| Interest income   | 18,27,348                               | 13,34,189                               |
| Employer Contributions  | 91,52,153                               | 82,56,163                               |
| Benefit Payments from Plan Assets                             | (50,96,969)                             | (19,26,901)                             |
| Other (Mortality & other Charges Paid to LIC of India         | ----                                    | (3,05,651)                              |
| Remeasurements - Return on Assets (Excluding Interest Income) | 3,47,526                                | 2,90,204                                |
| <b>Fair Value of Plan Assets at end of year</b>               | <b>3,20,56,860</b>                      | <b>2,58,26,802</b>                      |
| <b>Weighted Average Asset Allocations at the year end</b>     |   |   |
| Equities  | ----                                    | ----                                    |
| Bonds   | ----                                    | ----                                    |
| Gilts   | ----                                    | ----                                    |
| Insurance Policies  | 100%                                    | 100%                                    |
| <b>Total</b>  | <b>100%</b>                             | <b>100%</b>                             |

**C. Components of Defined Benefit Cost**

| <b>Particulars</b>  | <b>Financial Year Ending 31.03.2019</b> | <b>Financial Year Ending 31.03.2018</b> |
|---|---|---|
| Current Service Cost  | 58,31,119                               | 49,69,467                               |
| Past Service Cost   | ----                                    | 15,61,494                               |
| <b>Total Service Cost</b>                                       | <b>58,31,119</b>                        | <b>65,30,961</b>                        |
| Interest Expense on DBO   | 19,32,528                               | 15,43,534                               |
| Interest (Income) on plant Assets                               | (18,27,348)                             | (13,34,189)                             |
| Interest (Income) on Reimbursement Rights                       | ----                                    | 3,05,651                                |
| <b>Total Net Interest Cost</b>                                  | <b>1,05,180</b>                         | <b>5,14,996</b>                         |
| Defined Benefit Cost included in P & L                          | 59,36,299                               | 70,45,957                               |
| Remeasurements - Due to Financial Assumptions                   | 9,88,830                                | (2,50,810)                              |
| Remeasurements - Due to Experience Adjustments                  | 16,68,180                               | 3,89,872                                |
| (Return) on plan Assets (Excluding Interest Income)             | (3,47,526)                              | (2,90,204)                              |
| <b>Total Re-measurements in OCI</b>                             | <b>23,09,484</b>                        | <b>(1,51,141)</b>                       |
| <b>Total Defined Benefit Cost recognized in P&amp;L and OCI</b> | <b>82,45,783</b>                        | <b>68,94,816</b>                        |
| Discount Rate   | 7.50%                                   | 7.85%                                   |
| Salary Escalation Rate  | 5.00%                                   | 5.00%                                   |

**D. Amounts recognized in the Statement of Financial Position**

| <b>Particulars</b>                             | <b>Financial Year Ending 31.03.2019</b> | <b>Financial Year Ending 31.03.2018</b> |
|--|---|---|
| Defined Benefit Obligation                     | 3,24,90,364                             | 2,71,66,676                             |
| Fair Value of Plan Assets                      | 3,20,56,860                             | 2,58,26,802                             |
| <b>Funded Status</b>                           | <b>4,33,504</b>                         | <b>13,39,874</b>                        |
| Effect of Asset Ceiling / Onerous Liability    | ----                                    | ----                                    |
| <b>Net Defined Benefit Liability / (Asset)</b> | <b>4,33,504</b>                         | <b>13,39,874</b>                        |

**E. Net Defined Benefit Liability / (Asset) reconciliation**

| Particulars   | Financial Year Ending 31.03.2019 | Financial Year Ending 31.03.2018 |
|---|----------------------------------|----------------------------------|
| Net Defined Benefit Liability / (Asset) at beginning of year  | 13,39,874                        | 27,01,221                        |
| Defined Benefit Cost included in P & L                        | 59,36,299                        | 70,45,957                        |
| Total Re-measurements included in OCI                         | 23,09,484                        | (1,51,141)                       |
| Employer Contributions  | (91,52,153)                      | (82,56,163)                      |
| <b>Net Defined Benefit Liability / (Asset) at end of year</b> | <b>4,33,504</b>                  | <b>13,39,874</b>                 |

**Additional Disclosure items**

Current and Non-Current Liability and Asset

| Particulars               | Financial Year Ending 31.03.2019 | Financial Year Ending 31.03.2018 |
|---------------------------|----------------------------------|----------------------------------|
| Non-Current Assets        | -----                            | -----                            |
| Current Liabilities       | 29,71,346                        | 29,92,747                        |
| Non - Current Liabilities | 2,95,19,018                      | 2,41,73,928                      |

Expected Cash flow for following years

| Maturity Profile of Defined Benefit Obligations |             |
|---|-------------|
| Year 1  | -----       |
| Year 2  | 39,831      |
| Year 3  | 22,19,849   |
| Year 4  | 26,17,124   |
| Year 5  | 5,16,875    |
| Beyond 5 years                                  | 2,52,37,867 |

Summary of Financial & Demographic Assumptions

| Particulars                            | Valuation Date       |                      |
|--|----------------------|----------------------|
|  | 31.03.2019           | 31.03.2018           |
| Discount Rate                          | 7.50%                | 7.85%                |
| Salary Escalation - First 5 Years      | 5.00%                | 5.00%                |
| Salary Escalation - After 5 Years      | 5.00%                | 5.00%                |
| Expected Rate of Return on plan Assets | 7.85%                | 7.75%                |
| Mortality Table                        | IALM (2006-08) Table | IALM (2012-14) Table |
| Disability Rate                        | No explicit Loading  |                      |
| Withdrawal Rate                        | 1% to 3%             | 1% to 3%             |
| Retirement Age                         | 58 Years             | 58 Years             |
| Average Future Service                 | 19.39                | 19.38                |

**34. REPORTING ON RELATED PARTIES :**

In accordance with the Accounting Standard (IND AS 24) issued by the Institute of Chartered Accountants of India, the Company has identified the following companies as Related parties:

**A) Associate Companies :**

1. Polyspin Private Limited
2. Lankaspin Private Ltd., Srilanka.
3. Energyspin Private Ltd.
4. Chola Packaging Private Ltd.
5. Ganesh Agro Pack Private Ltd.
6. Ramji Investments Private Ltd.

**B) Key Management Personnel and Relatives :**

- i) Sri R. RAMJI  
Managing Director and CEO
- ii) Sri P.K. RAMASUBRAMANIAN  
Secretary and Compliance Officer
- iii) Sri. B. PONRAM  
Chief Operating Officer
- iii) Sri. S. SEENIVASA VARATHAN  
Chief Financial Officer

**C) Transaction during the year with Related Parties :**

(Rs. in Lakhs)

| Sl. No. | Particulars                          | Year Ended 31-03-2019            | Year Ended 31-03-2018    |
|---------|--------------------------------------|----------------------------------|--------------------------|
|         |                                      | Associate / Subsidiary Companies | Key Management Personnel |
|         |                                      | Associate Companies              | Key Management Personnel |
| 1.      | Processing charges paid              | 413.29                           | 233.36                   |
| 2.      | Remuneration to Directors & KMP      | 193.66                           | 151.38                   |
| 3.      | Sale of PP Strips / Yarn             | 219.81                           | 161.64                   |
| 4.      | Sale of Fabric                       | 222.79                           | 203.12                   |
| 5.      | Sale of Sack                         | 7.18                             | ---                      |
| 6.      | MEIS Duty Credit Scrip Sales         | ---                              | 85.67                    |
| 7.      | Assets sold during the year          | ---                              | 43.31                    |
| 8.      | Assets purchases during the year     | ---                              | 1.25                     |
| 9.      | Purchase of Fabric & Stitching Yarn  | 184.73                           | 143.66                   |
| 10.     | Purchase of Laminated Woven Fabric   | 0.02                             | 0.10                     |
| 11.     | Purchase of Packing Materials        | 10.84                            | 11.95                    |
| 12.     | Factory Rent                         | 10.39                            | 8.64                     |
| 13.     | Wind mill Energy captive consumption | ---                              | 2.16                     |

**POLYSPIN EXPORTS LIMITED**

**D) Significant Related Party Transactions :-**

Rs. in Lakhs

| Particulars                                       | 2018-19 | 2017-18 |
|---|---------|---------|
| <b>1. Processing Charges Paid</b>                 |         |         |
| Polyspin Private Limited                          | 248.00  | 181.19  |
| Ganesh Agro Pack (P) Ltd.,                        | 15.27   | 13.85   |
| Energyspin (P) Ltd                                | 136.60  | 38.32   |
| Chola Packaging (P) Limited                       | 13.42   | ---     |
| <b>2. Remuneration to Directors &amp; KMP</b>     |         |         |
| Sri. R. Ramji, Managing Director & CEO            | 119.93  | 76.21   |
| Sri . P. S. Ramanathan, Secretary & CCO           | ---     | 6.29    |
| Sri. P.K. Ramasubramanian, Secretary & CCO        | 3.67    | 0.60    |
| Sri. B. Ponram, COO                               | 54.09   | 48.61   |
| Sri. S. Seenivasa Varathan, CFO                   | 15.97   | 19.67   |
| <b>3. Sale of PP Strips / Yarn</b>                |         |         |
| Lankaspin Private Limited, Sri Lanka.             | 219.81  | 161.64  |
| <b>4. Sale of PP Fabric</b>                       |         |         |
| Lankaspin Private Limited, Sri Lanka              | 219.08  | 200.18  |
| Chola Packaging (P) Ltd.,                         | 1.96    | 2.94    |
| Ganesh Agro Pack (P) Ltd.,                        | 1.75    | ---     |
| <b>5 Sale of Sacks</b>                            |         |         |
| Energyspin Private Limited                        | 7.18    | ---     |
| <b>6. MEIS Scrip Sales</b>                        |         |         |
| Polyspin Private Limited                          | ---     | 85.67   |
| <b>7. Assets Sold during the year</b>             |         |         |
| Chola Packaging (P) Limited                       | ---     | 41.30   |
| Ganesh Agro Pack (P) Ltd.,                        | ---     | 2.01    |
| <b>8. Assets purchases during the Year</b>        |         |         |
| Ganesh Agro Pack (P) Ltd.,                        | ---     | 1.25    |
| <b>9. Purchase of Fabric &amp; Stitching Yarn</b> |         |         |
| Ganesh Agro Pack (P) Ltd.,                        | 184.73  | 143.66  |
| <b>10. Purchase of Laminated Woven Fabric</b>     |         |         |
| Chola Packaging (P) Limited                       | 0.02    | 0.10    |
| <b>11. Purchase of Packing Materials</b>          |         |         |
| Chola Packaging (P) Ltd.,                         | 0.06    | ---     |
| Ganesh Agro Pack (P) Ltd.,                        | 10.78   | 11.95   |
| <b>12. Factory Rent</b>                           |         |         |
| Polyspin Private Limited                          | 5.66    | 4.71    |
| Energyspin (P) Ltd.,                              | 4.25    | 3.45    |
| Ramji Investments Private Ltd.,                   | 0.48    | 0.48    |
| <b>13. Windmill Energy captive consumption</b>    |         |         |
| Ganesh Agro Pack (P) Ltd.,                        | ---     | 2.16    |

**35. SEGMENTWISE REPORTING**

As Required under Accounting Standard (IND AS 108), the Segment Revenue, Results and Capital employed are furnished below:-

Rs. in Lakhs

| SL No. | Particulars  | Year Ended   |   |
|--------|--|--|---|
|        |  | Audited  | Audited   |
|        |  | 31.03.2019   | 31.03.2018  |
| 1.     | Segment Revenue<br>(Net Sales / Income from operation)<br>a) FIBC Bags, Fabric, Yarn<br>b) Cotton Yarn<br><b>TOTAL</b>   | <b>18346.34</b><br><b>2856.49</b><br><b>21202.83</b>   | 14787.79<br>2628.69<br>17416.48   |
| 2.     | Segment Results (Profit (+) / Loss (-) before tax and interest from each segment)<br>a) FIBC Bags, Fabric, Yarn<br>b) Cotton Yarn<br><b>TOTAL</b><br>Less : i) Financial Charges<br><b>Profit Before Tax</b><br>Less : Tax Expense<br>- Current Tax<br>- Deferred Tax<br>Profit for the year before share of Profit of Associates<br>Share of Profit / (Loss) of Associates<br><b>Net Profit</b> | <b>1486.76</b><br><b>64.25</b><br><b>1551.01</b><br><b>466.65</b><br><b>1084.36</b><br><b>319.00</b><br><b>34.60</b><br><b>730.76</b><br><b>14.40</b><br><b>745.16</b> | 1106.99<br>102.88<br>1209.87<br>445.79<br>764.08<br>226.00<br>36.00<br>502.08<br>1.68<br>503.76 |
| 3.     | Capital Employed<br>(Segment assets)<br>a) FIBC Bags, Fabric, Yarn<br>b) Cotton Yarn<br><b>TOTAL</b><br><br>Capital Employed<br>(Segment : Liabilities)<br>a) FIBC Bags, Fabric, Yarn<br>b) Cotton Yarn<br><b>TOTAL</b>  | <b>10626.28</b><br><b>1459.83</b><br><b>12086.11</b><br><br><b>11375.33</b><br><b>710.78</b><br><b>12086.11</b>  | 9068.45<br>1396.17<br>10464.62<br><br>9729.07<br>735.55<br>10464.62                             |

Rs. in Lakhs

36.1. Contingent Liabilities not Provided for : **2018 - 2019**      **2017 - 2018**

|   | Rs.           | Rs.    |
|---|---------------|--------|
| i) Unexpired Letter of Credit   | <b>506.80</b> | 268.13 |
| ii) Bank Guarantee  | <b>25.00</b>  | 105.00 |
| iii) The Company has challenged the levy of duty of excise and customs aggregating to Rs. 487.72 Lakhs (Previous year : Rs. 393.62 Lakhs) on wrong calculation of SION Norms for the consumption of UV Master batches (Imported) for production of FIBC Bags meant for export (100% E.O.U) and the same is pending before the appropriate jurisdictional authorities. |               |        |

36.2 As required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006, the Company has outstanding dues of Rs. 50,34,243/- as at 31st March, 2019 to Micro, Small and Medium Enterprises. This has been determined to the extent such parties have been identified on the basis of information available with the company and provide by such parties.

The management is of the view that the payments were made to MSME suppliers on contractual terms and the impact of interest, if any, that may be payable in accordance with the provisions of the Act, is not expected to be material.

36.3 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. 18.25 Lakhs (Previous year: 21.05 Lakhs) being the credit given by TNEB for the transfer of power to the Grid.

36.4 Our Company's shares are listed at Bombay Stock Exchange with stock code of 539354.

36.5 Deferred Tax (AS-22):

Deferred Tax Liability (Net) for Rs.34.60 Lakhs as on 31.03.2019 (Previous Year Rs. 36.00 Lakhs) 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 of India.

|                          | <b>For the year ended</b>      |                |
|--------------------------|--------------------------------|----------------|
|                          | <b>31.03.2019</b>              | 31.03.2018     |
| Licensed Capacity        | <b>Not Applicable</b>          | Not Applicable |
| Installed Capacity       | <b>250 KW</b>                  | 250 KW         |
| Units Generated          | <b>2,62,596 KWH</b>            | 3,31,553 KWH   |
| Units Captively Consumed | <b>2,62,596 KWH</b>            | 3,31,553 KWH   |
|                          | ( included under Power & Fuel) |                |

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

Signature to Notes 1 to 36.6

As per our report of even date  
**M/s.SRITHAR & ASSOCIATES**  
Chartered Accountants  
Firm Registration No. 015896S

**S. SRITHAR**  
Membership No. 209047

Rajapalayam  
18.05.2019

**R. RAMJI**  
*Managing Director & CEO*

**P.K. RAMASUBRAMANIAN**  
*Secretary*

**S. SEENIVASA VARATHAN**  
*CFO*

**S.R. SUBRAMANIAN**

**P. VAIDYANATHAN**

**A. THIRUPPATHY RAJA**

**S. SANKAR**

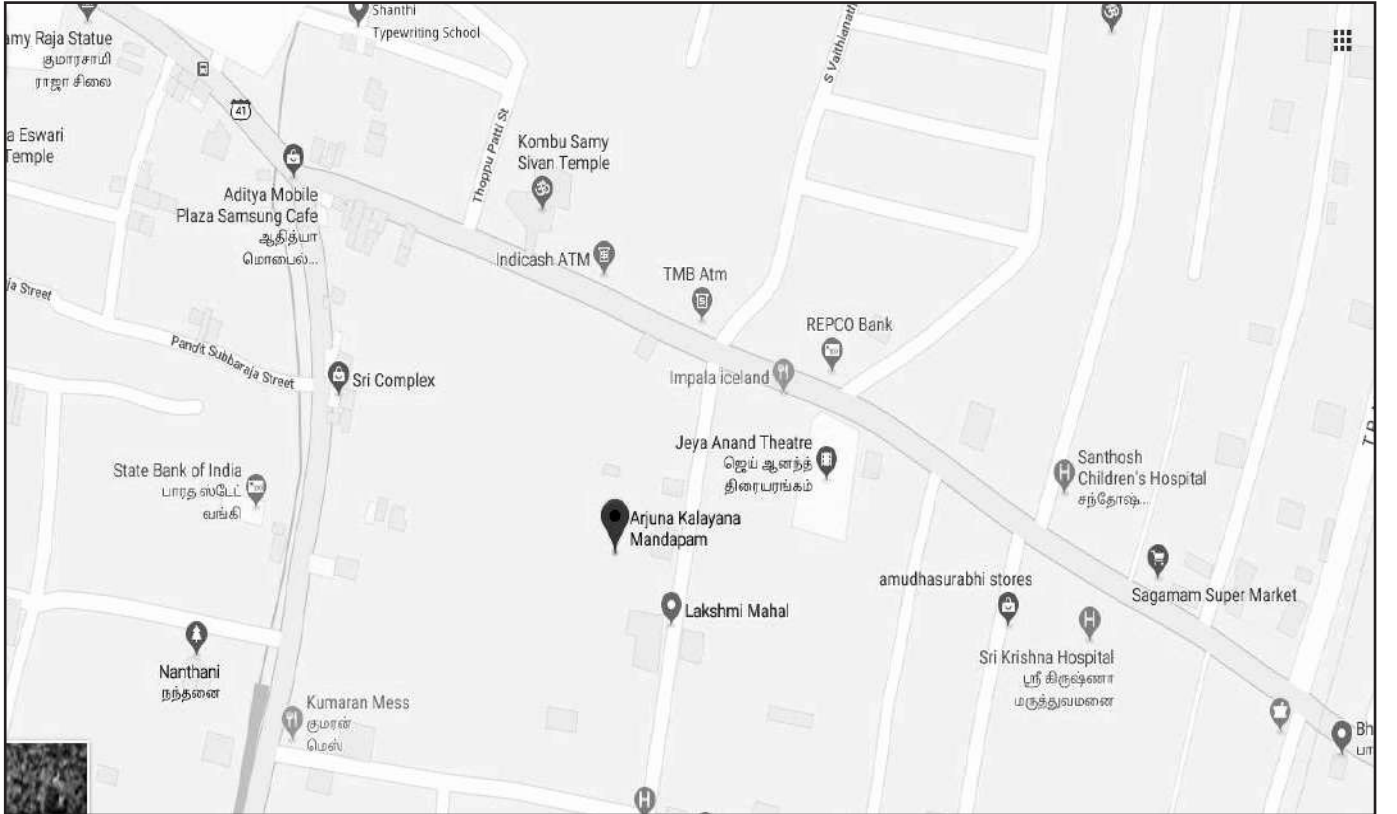
**S.V. RAVI**

*Directors*

Map showing location venue of 34<sup>TH</sup> ANNUAL GENERAL MEETING

Venue :

**SRI ARJUNA MANTHIRAM,**  
No. 21/595, Sri Krishna Colony,  
P.A.C.R. Salai, Rajapalayam - 626 117.



Land Mark : Near Jeya Anand Theatre.

Distance from Rajapalayam Old Bus Stand : 2.0 KM

Distance from Rajapalayam New Bus Stand : 1.5 KM

Distance from Rajapalayam Railway Station : 2.0 KM

## PROXY FORM

## POLYSPIN EXPORTS LIMITED

CIN : L51909TN1985PLC011683

Registered Office : 351, PACR Salai, Rajapalayam - 626 117.

Name of the member(s) : .....

Registered address : .....

E-mail ID : .....

Folio No. / DP ID - Client ID : .....

I/We, being the member(s) of ..... shares of the above named Company, hereby appoint

1. Name : ..... Address : .....

E-mail ID : ..... Signature : ..... or failing him

2. Name : ..... Address : .....

E-mail ID : ..... Signature : ..... or failing him

3. Name : ..... Address : .....

E-mail ID : ..... Signature : ..... or failing him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 34<sup>th</sup> Annual General Meeting of the company, to be held on Monday, the 12<sup>th</sup> August, 2019 at 9.30 A.M. at Sri Arjuna Manthiram, No. 21/595, Sri Krishna Colony, P.A.C.R. Salai, Rajapalayam - 626 117, Tamil Nadu and at any adjournment thereof in respect of such resolutions as are indicated below with (✓) Mark :

| No.                        | Resolution  | Optional |         |
|----------------------------|---|----------|---------|
|                            |   | For      | Against |
| <b>ORDINARY BUSINESS</b>   |   |          |         |
| <b>ORDINARY RESOLUTION</b> |   |          |         |
| 1.                         | Adoption of Standalone and Consolidated Financial Statements for the year ended 31st March, 2019    |          |         |
| 2.                         | Declaration of Dividend for the year 2018-19  |          |         |
| 3.                         | Re-appointment of Smt. Durga Ramji, as a Director, who retires by rotation.                         |          |         |
| <b>SPECIAL BUSINESS</b>    |   |          |         |
| <b>SPECIAL RESOLUTION</b>  |   |          |         |
| 4.                         | Appointment of Sri. S.R. Venkatanarayana Raja (DIN. 01226624), as an Independent Director.          |          |         |
| 5.                         | Appointment of Sri. V.S. Jagdish (DIN. 08452900), as an Independent Director.                       |          |         |
| 6.                         | Appointment of Sri. R. Sundaram (DIN. 01361345), as an Independent Director.                        |          |         |
| 7.                         | Increase in remuneration payable to Sri. R. Ramji (DIN 00109393), Managing Director of the Company. |          |         |

Signed this ..... day of ..... 2019

Signature of Shareholder(s) .....

Signature of Proxy holder(s).....

|                                |
|--------------------------------|
| Affix Rs.1<br>Revenue<br>Stamp |
|--------------------------------|

Note : This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.



BOOK-POST

POLYSPIN

*If undelivered, please return to :*

**POLYSPIN EXPORTS LIMITED**

351, P.A.C.R. Salai,

Rajapalayam - 626 117.

Tamil Nadu.