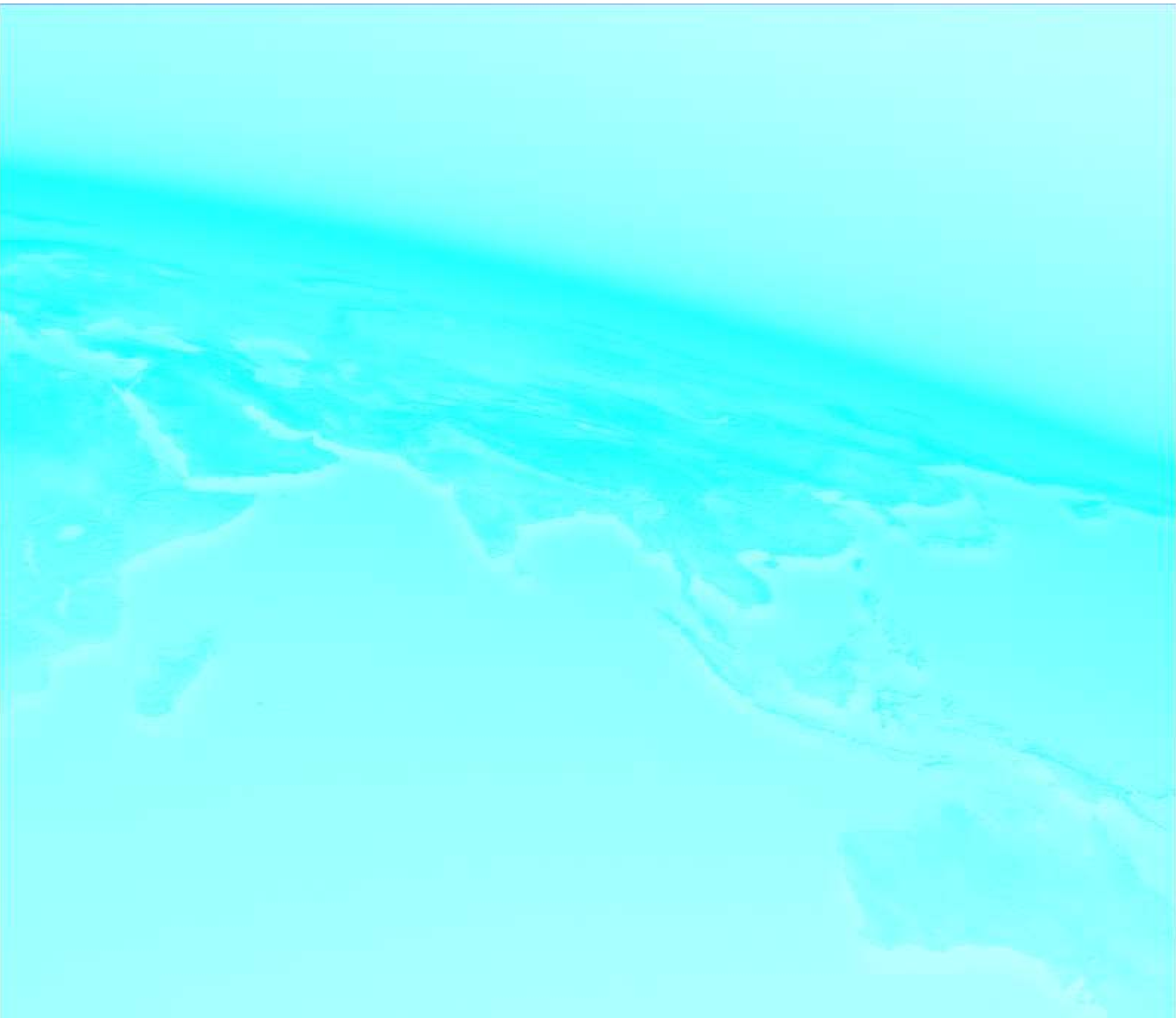
POLYPLEX



27th Annual Report
2011-12

CONTENTS

Corporate Office at Noida

Board of Directors
and Corporate Information

Board of Directors

Shri Sanjiv Saraf - Chairman
Shri S.G. Subrahmanyan - Vice Chairman (Upto December 27, 2011)
Shri Brij Kishore Soni
Air Chief Marshal O.P. Mehra (Retd.)
Shri Sanjiv Chadha
Dr. Suresh Inderchand Surana
Shri Jitender Balakrishnan
Shri Ravi Kumar - Nominee Director - IDBI Bank Limited
Shri Pranay Kothari - Executive Director
Shri Ranjit Singh - Whole Time Director

Chief Financial Officer
Shri Manish Gupta

Company Secretary
Shri Ashok Kumar Gurnani

Corporate Office
B-37, Sector-1, NOIDA,
Gautam Budh Nagar,
Uttar Pradesh - 201 301

Registered Office
Lohia Head Road,
Khatima-262308
Distt. Udham Singh Nagar,
Uttarakhand

Works
1. Lohia Head Road,
   Village Amau,
   Khatima - 262 308,
   Distt. Udham Singh Nagar,
   Uttarakhand

2. Plot No. 227 MI - 228 MI
   Banna Khera Road,
   Village Vikrampur,
   Tehsil Bajpur - 262 401,
   Distt. Udham Singh Nagar,
   Uttarakhand

Auditors
Lodha & Co.,
Chartered Accountants

Bankers
Axis Bank Limited
DBS Bank Limited
IDBI Bank Limited
State Bank of Patiala
State Bank of Hyderabad
The Hongkong and Shanghai Banking Corporation Limited
UniCredit Bank AG

Registrars and Share Transfer Agents
MCS Limited
F-65, Okhla Industrial Area,
Phase-1,
New Delhi - 110 020

POLYPLEX AT A GLANCE

Sales and Other Income of INR 2,488 Crores (USD 519 million)

72% revenues from overseas markets

79% of Polyplex products are used in food and consumer goods markets

Over 1250 customers all over the globe

About 1480 employees world wide

Dividend paid every year since 1993-94

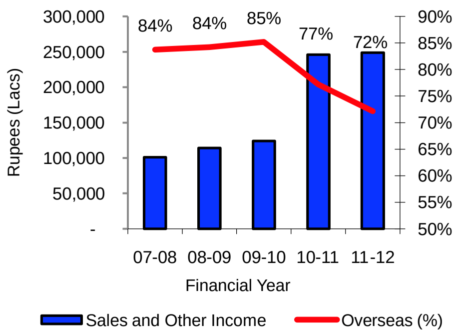
NSE Code : POLYPLEX

BSE Code : 524051

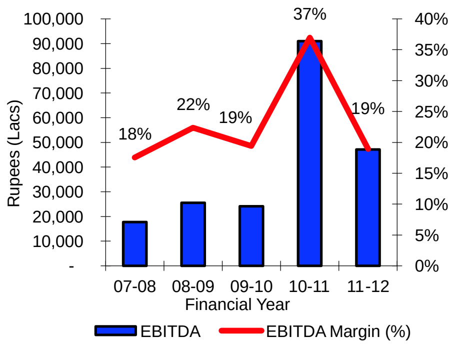
**** Based on consolidated performance; figures in USD have been calculated based on average exchange rate during the year.***

FINANCIAL HIGHLIGHTS*

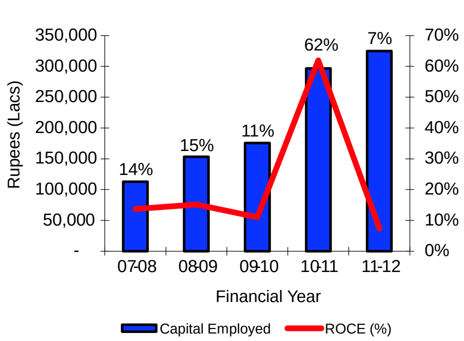
Sales and Other Income



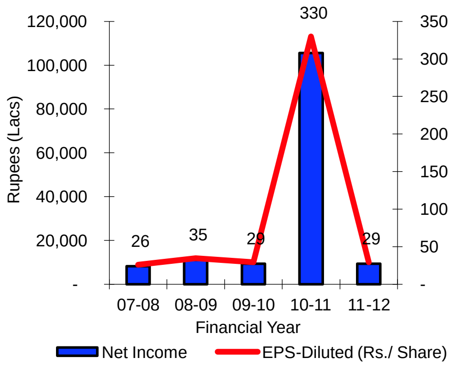
EBITDA ^*



Capital Employed ^^



Net Income



(Rs. In Lacs)

Description	2011-12	2010-11	2009-10	2008-09	2007-08
Profit and Loss					
EBITDA	47,087	90,962	24,104	25,518	17,739
Profit attributable to Shareholder	9,398	105,557	9,399	11,041	8,238
Balance Sheet					
Net Fixed Assets @	162,997	148,653	138,774	112,984	86,255
Loan Funds ^	72,323	72,833	85,396	68,132	45,502
Shareholders' Funds #	191,233	164,909	69,251	65,404	51,417
Cash Flow					
Net Cashflow from Investing Activities	(33,563)	61,101	(34,017)	(28,321)	(22,739)
Key Ratios					
PAT Margin (%) **	8%	54%	11%	13%	11%
ROE (%) ***	9%	87%	16%	20%	18%
Total Debt: EBITDA	1.54	0.80	3.54	2.67	2.57
Per Share Data					
Diluted Earnings per Share @*	29.38	330.03	29.26	34.37	25.65
Dividened per Share @*	4.00	7.00	8.00	7.00	6.00

Figures have been regrouped wherever necessary

@ includes Capital Work in Progress
# includes Deferred Tax Liabilities
^ * EBITDA Margin as % of Sales
^ Loan Funds includes Long term Loan + Short Term Borrowing + Current Portion of Long Term Debt
^ ^ Capital Employed = Shareholders' Funds + Minority Interest + Loan Funds + Deferred Tax Liability
@* The figures till 2009-10 have been readjusted with the increased shares due to 1:1 bonus issue during FY 2010-11

* Based on Consolidated Financials
** PAT (Pre -Minority interest) as % to Sales and Other Income
*** PAT (Pre -Minority interest) as % to average equity incl. Minorities

Chairman and CEO's Address

Sanjiv Saraf
Chairman

Pranay Kothari
Chief Executive Officer

Dear Shareholders,

As anticipated, the polyester film industry retraced from historical highs of the previous year with margins recalibrated to normalized levels. The inevitable rush of new capacity additions, concentrated mostly in Asia, has created surplus capacity which would last for a while. Seen in a longer term context, the profitability for the year 2011-12 is consistent with historical averages.

Growth in Sales and Other Operating Income at INR 24.9 billion was flat as compared to the previous year. Profit (before tax and exceptional items) at INR 2.99 billion is lower by about 61% as compared to preceding year reflecting the reduced margins and higher depreciation charge. The financial position continues to be strong with a debt free status on a consolidated basis after accounting for cash and cash equivalents.

The Company remains optimistic about the plastic film industry and believes that the commencement of operations of several of it's projects over the next twelve months together with steps taken to diversify risks associated with the cyclical nature of polyester industry would contribute in maintaining the momentum of growth and profitability. A strong and liquid balance sheet would enable your Company to do so in a conservative manner.

In continuation of the past investments in CPP Films, Silicone Coating and the development of other value added plastic film products, your Company decided to invest in a Thick PET line, a Blown PP line and to expand capacity of the extrusion coating business in Thailand as further steps to diversify its product and market mix. The upcoming thin polyester film line in USA will reinforce the Company's geographically diversified manufacturing base which would help it to offer more value to its customers and enhance its position as a Global Leader in the Polyester Film business. The recent purchase of metallizing assets in the US which will be integrated with the new film line would bolster the Company's presence in key customers and augment the available product range.

The Company has also decided to invest in a Bottle Grade PET resin plant in Turkey, adjoining its existing PET Film facility, which is a related product and opens up new avenues for growth in the FMCG space.

Despite the sharp downturn in margins and a challenging outlook for the current year, the Company is fully committed to the expansion projects announced in the last 18 months. All the projects are progressing satisfactorily and are expected to commence commercial operations on time. The total capital outlay exceeds USD 260 million which will double the asset base in next 12 months.

We, on behalf of the entire Board of Directors, would like to thank all the Stakeholders and the valued business partners for their continued support and belief in us, without which the transformation of the Company from a domestic manufacturer with a single facility to one with Global scale and presence with multiple product lines would not have been possible.

Pranay Kothari
Chief Executive Officer

Sanjiv Saraf
Chairman

Jumbo BOPP Rolls at Bajpur

Coating Facility at Khatima

BOPP Film Plant at Bajpur

Quality Control & Testing Lab at Bajpur

Mr. Ranjit Singh, COO, Polyplex India and Mr. Rohit Vashistha, Director, Polyplex Thailand receiving Forbes Asia "Best Under A Billion" Award

Polyplex participation in Japan-Pack 2011 - Japan

COO's Address

2011-12 was a challenging year for the Polyplex Group, characterised by tapering down of Industry profitability in our core polyester film business, from the historical highs of previous year. As expected, shortage of polyester film and exceptional profits in 2010 led to addition of large capacity during the year. The situation was further exacerbated by demand side shocks like continued ban on plastic in packaging of chewing tobacco, global macro-economic uncertainty and sovereign debt crisis in Europe (which led to reduced demand in consumer discretionary and industrial applications like Photovoltaic, flat panel display etc). Despite these head winds your group continued with its industry leading performance driven by diversified global presence as well as sustained competitive advantages built over the last decade.

Key milestones and achievements during the year were:

1. Successful completion of modernization cum expansion project at Khatima, India which would help us in broadening our product portfolio and reduce cost of operation through higher volume.
2. Commissioning of Silicone coating line at Thailand which would further consolidate our position in fast growing plastic siliconizing industry.
3. Focus on more environmentally sustainable operations through a combination of strategies like use of cost effective bio-fuel and development of environmental friendly products and processes.
4. Launch of Group "Values & Beliefs" program which would help integrate our global operation through shared identity and culture.
5. In continuation to our strategy of growth with risk diversification, significant progress was made in implementation of the following projects :
   - Thick polyester film, Blown polypropylene and expansion of extrusion coating in Thailand.
   - New thin polyester film line in USA with backward and forward integration.
   - Bottle Grade PET resin manufacturing plant in Turkey.
6. Ensuring profitability of overseas subsidiaries through a combination of operational excellence and differentiation despite adverse developments like heightened competition, cost push, currency and raw material volatility.

Outlook and Challenges for 2012-13: Despite some adverse developments on demand side, growth in Indian and global market remains intact and robust especially in thin polyester film, as large part of the demand comes from packaging of consumer staples. But the lumpy and high capacity addition could lead to further moderation of industry margin going forward.

However, your company remains confident that competitive advantages built in the core business of polyester film over the years would enable it to outperform its peers. Geographical, product and business portfolio diversification would further help smoothen the cyclicality of the Industry.

The key strategies and priorities to achieve the longer term growth objectives and near term margin challenges are:

1. Successful implementation and commissioning of ongoing expansion as well as diversification projects which would double our asset base and provide the nucleus for growth as well as risk diversification.
2. Early stabilization of integrated polyester film manufacturing facility in Decatur, Alabama, USA which will provide a cost effective on- shore supply chain solution to our existing and potential customers in Americas.
3. Driving operational excellence in our recently acquired plastic metalizing business of Vacumet and its integration with our existing operations to leverage synergies.
4. Implementation of thick polyester film project in Thailand which will enable us to further expand our product offering to include thicker functional and speciality films.
5. Full capacity utilization of the new state-of-the-art silicone coating line in Thailand. This will enable us to emerge as one of the leading players in high growth siliconised film market based on scale and integration advantages.
6. Further enhancing the environmental sustainability of our business through reduction of carbon footprint and development of new businesses based on recycling of industrial and post consumer waste.
7. Increasing the share of differentiated products, applications and customers based on innovation, customer intimacy and global marketing reach.
8. Refocus our effort on operational excellence to build cost competitiveness through innovation.

To summarise, we expect the macro and micro business environment to remain challenging for the next two years but remain confident that through a combination of its strong position as a leading global supplier of PET film, further diversification of its business portfolio and greater differentiated value to our customers, we would continue to outperform our peers. Based on the above strategies and execution capabilities of our highly competent and committed team of employees, we expact to deliver superior value and returns to our shareholders.

Ranjit Singh
Chief Operating Officer

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

In this document, the terms ‘Company’ and ‘Polyplex’ refer to the consolidated group operations of Polyplex Corporation Limited.

Polyplex’s business is focused on producing high performance plastic films viz. Polyester Film (PET Film), viz. Biaxially Oriented Polypropylene Film (BOPP Film) and Cast Polyproylene Film (CPP Film) which are mainly used in the flexible packaging industry. Polyplex is one of the leading integrated producers of PET Films in the world. In the past few years, the Company has also ventured into downstream businesses like Silicone Coating and Extrusion Coating. As part of its concentric diversification strategy, the Company has decided to enter into the Thick PET Film business which will enable access to several new applications besides installing a Blown PP Film line in order to broaden the product range on its silicone coated films business. Further, Polyplex has successfully enhanced the capability of its oldest thin PET Film line at Khatima unit to produce PET Films with intermediate thickness of upto 150 microns as well as specialty co-extruded films, thereby increasing the product offering from India operations. More recently, the Company has decided to enter into a new but related business segment by commencing work on the setting up a manufacturing unit for Bottle Grade PET Resins.

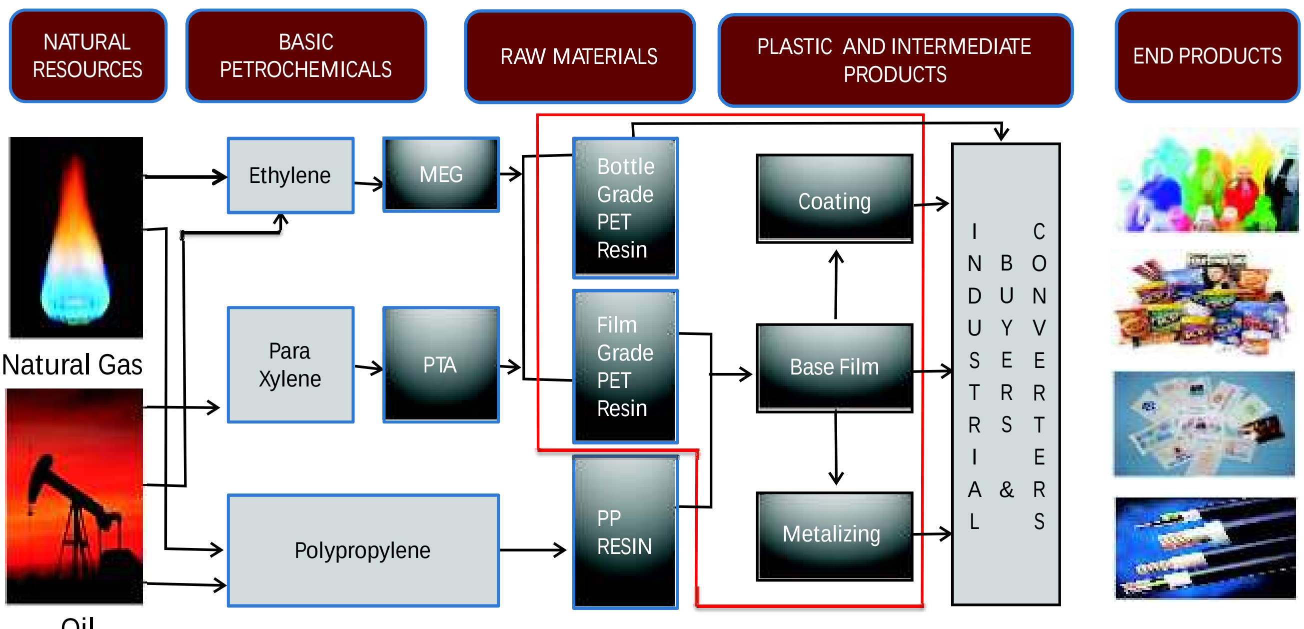
PET Film is made from Polyester Resin (PET Chips), which in turn is produced from Purified Terephthalic Acid (PTA) & Mono-Ethylene Glycol (MEG). The Company produces its own PET Chips for captive consumption as well as for resale.

Polyplex largely produces PET Films for application in Packaging, Electrical and other Industrial segments like hot stamping foils, thermal lamination, cable wrap, release films, air conditioning ducts etc. Company’s product range is concentrated around Thin PET Films, which accounts for about three-quarters of the total global demand for PET Films, and does not participate in some of the other smaller end use segments like imaging, magnetic media and optical films.

Packaging being the largest business segment, the Company is now in a position to offer other substrates used in the flexible packaging industry. BOPP and CPP Films are Polypropylene (PP) based films, which are pre-dominantly used in packaging besides certain industrial applications like tapes, labels, thermal lamination and textiles. Flexible packaging companies supply their laminates to consumer product companies for packaging of a diverse range of products like food products, household goods, personal care products, etc.

The downstream businesses of Silicone Coating and Extrusion Coating are niche businesses producing release films and thermal laminates respectively.

The value chain for the Company’s businesses is depicted below:



Polyplex’s area of operation

GLOBAL OPERATIONS

Polyplex has attained a leadership position in the thin PET Films business with manufacturing facilities in India, Thailand and Turkey and a distribution set-up in USA and China.

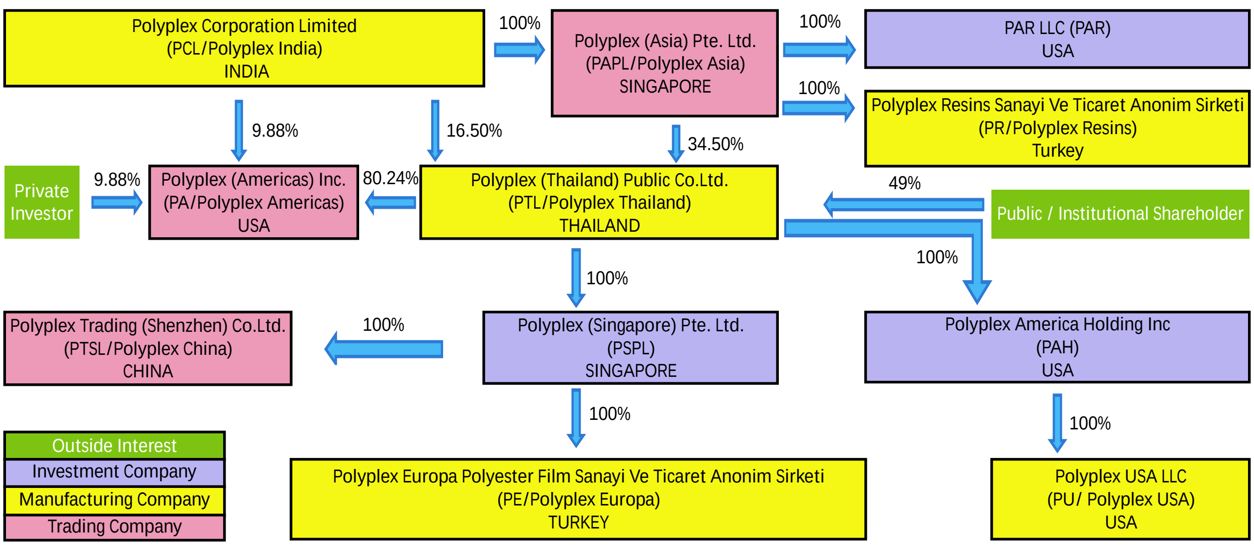
Ignoring the intermediate investment holding entities, Polyplex Corporation Limited (PCL/Polyplex India) has a majority ownership of 51% in Polyplex (Thailand) Public Company Limited (PTL/ Polyplex Thailand) which in turn holds 100% of Polyplex Europa Polyester Film Sanayi Ve Ticaret Anonim Sirketi (PE/Polyplex Europa) and Polyplex Trading (Shenzhen) Co. Limited (PTSL/Polyplex China). PTL also has a majority stake in Polyplex (Americas) Inc. (PA/Polyplex Americas).

With a view to further expand its global manufacturing footprint into North America, Polyplex has invested in the setting up a thin PET Film line, a continuous process PET chips plant and metallizing capacity in USA under Polyplex USA LLC (PU/Polyplex USA), which is a wholly owned subsidiary of Polyplex America Holdings Inc (PAH). PTL in turn holds 100% stake in PAH.

As a part of its concentric diversification strategy, PAPL has invested in Polyplex Resins Sanayi Ve Ticaret Anonim Sirketi (PR/Polyplex Resins), Turkey, which would shortly be engaging in the business of manufacturing and marketing Bottle Grade PET Resins and related products.

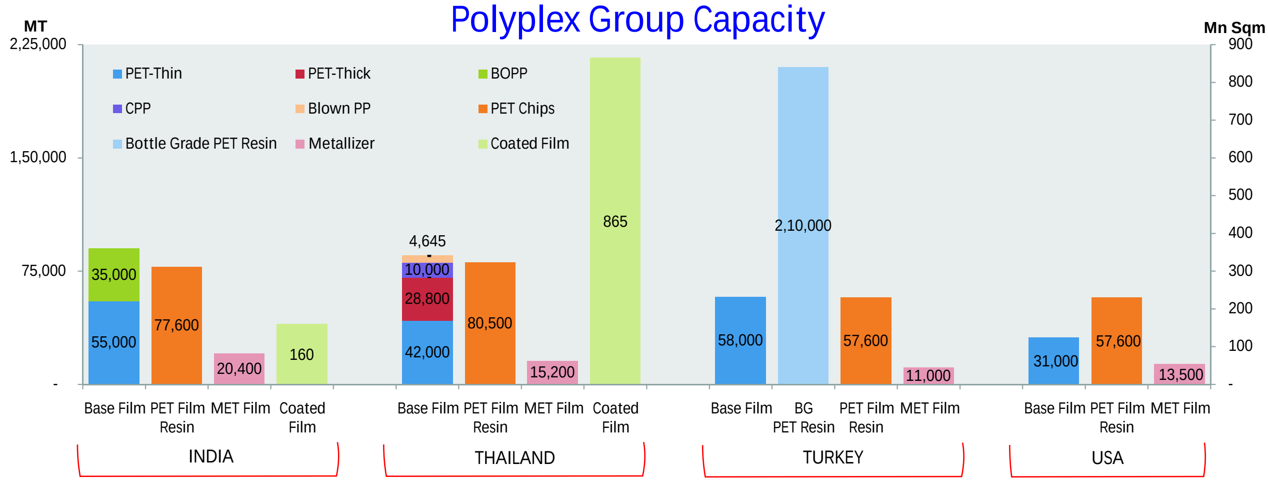
The current group structure can be depicted as follows:

POLYPLEX GROUP - STRUCTURE



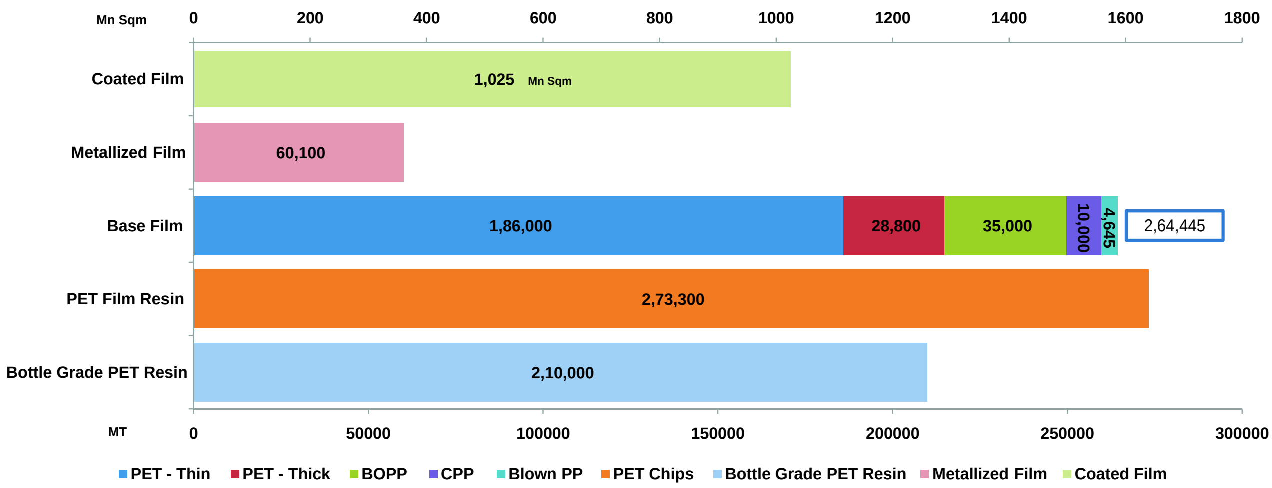
On completion of all the ongoing / approved projects, manufacturing capacities at various locations are expected to be as follows:

Polyplex Group Capacity



Note: The Board of Investment (BoI) approved capacity In PTL, Thailand is:
PET Films (48,000 tons), PET Chips (85,000 tons), Metallized Films (21,800 tons) and Coated Films (1090 million sq.mtr).
Note: Base Film, Resin & Metallized Film in Metric Ton; Coating Capacity in Million Sqm

Polyplex Group Capacity-Segment Wise



Note : Base Film, Resin & Metallized Film in Metric Ton; Coating Capacity in Million Sqm

PET FILM BUSINESS

The traditional method of segmenting the PET Films business has been Thin and Thick films based on distinct applications and lack of supply side substitutability. Thick Films generally refer to films with a thickness range of 50-350 micron whereas thin films are below 50 micron. In recent years, several intermediate thickness (23-150 micron) lines have also been installed.

Polyplex currently produces predominantly only Thin PET Films, which represents three-fourth of the overall global PET Film demand. The growth in packaging has over the years shifted the production and usage patterns of Thin PET Films. The Company’s relevant segments of Packaging, Industrial and Electrical constitute 99% of the total demand and the traditional high-end technology segments like magnetic media and imaging segments constitute only 1% of the total consumption of Thin PET Films due to technology evolution.

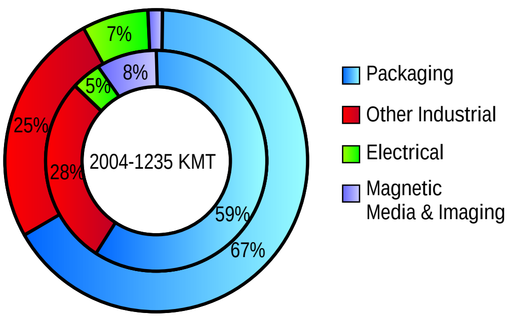
Polyplex has also decided to foray into the Thick PET Film segment by putting up a manufacturing line in Thailand, which is under implementation besides revamping its first film line in India to produce intermediate thickness as well as specialty films. This will enable Polyplex to straddle the entire spectrum of end-uses by accessing the traditional industrial & electrical applications for thick films as also targeting several new & promising applications in optical and photo-voltaic segments.

Better packaging not only improves the shelf life of the products but is also essential for improving product appeal in a highly competitive consumer goods industry. Flexible packaging also plays a key role in source reduction on the principle of ‘use less waste in the first place’ which has ensured higher-than-GDP growth in the flexible packaging industry across the globe. PET Film, being a higher-end preferred substrate within packaging, has grown more rapidly than other substrates, averaging between 8-10% per annum. Demand in packaging is quite resilient as it relates to consumption of food products and consumer staples which are to a large extent non-discretionary in nature. This moderated the impact of the global economic recessionary environment on the industry during the 2008 economic crisis, as compared with some of the other segments like industrial and electrical which had been impacted more and had witnessed a contraction in demand in 2008-2009. The revival of demand growth between 2009 and 2011 has also been faster in the packaging application as compared to other applications of Thin PET Films.

An increase in the purchasing power in the developing countries has brought with it a rise in the per capita consumption of packaging material. As a result of this, Asia (excluding Japan & Korea), is the largest market for thin PET Films with half of the consumption in this region. At the same time, per capita consumption of packaging material in developing countries is still very low as compared to the mature markets. The key drivers of demand growth in these regions are the increase in the share of organized sector in retailing, increasing consumerism and lifestyle changes arising out of higher disposable incomes, need for brand differentiation, continuous product innovations, health awareness, favourable demographics and the resulting need for better and more convenient packaging.

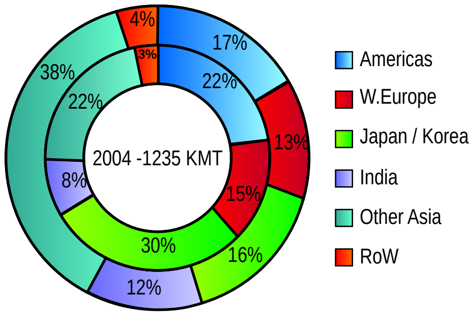
Global PET Thin Film demand by End Use

2011- 2098 KMT



Global PET Thin Film demand by Region

2011- 2098 KMT



A similar trend is also evident on the supply-side with most of the new capacities being added in low-cost developing countries. A large proportion of the new capacity is also focused on the packaging segment, with an emphasis on high productivity and low operating costs. This has adversely impacted the traditionally large producers of PET Film operating with high cost structures, who have chosen to concentrate in the emerging niche technologies in PET Films like films for LCDs, Solar Panels, Touch Screens and specific high-end applications within packaging. While trade defense measures like anti-dumping and countervailing duties have been frequently invoked, in an increasingly competitive market environment, they are unable to address the inherent problems of unproductive assets operating in the developed countries producing standard films.

During the year 2010, the Thin PET industry witnessed a Demand supply imbalance scenario in favor of suppliers due to inadequate matching capacity additions, new applications in Optical / Photovoltaic industry, demand growth of about 9% and closure of some old lines.

Due to this imbalance in demand-supply scenario, the selling prices of PET Films moved to historic highs. This in turn significantly improved the operating margins of most of the manufacturers in this industry. These exceptionally high margins attracted a lot of new investments in the Thin PET Film industry. Most of these capacity additions started commercial operations towards the second half of 2011 and first half of 2012. There are some more new projects, under implementation, which would commence production in the next 12 months.

As the capacity addition during FY 2011-12 has been much more than the increase in demand, the resultant situation of oversupply is expected to continue for another 18-24 months.

Global Thin PET Film growth rates are expected at about 8-10% in the year 2012, with the demand in India and "Other Asia" growing at a higher rate of 10-12%. The overall capacity addition in FY 2012-13 is expected to be higher than the growth in demand but the actual timing of the additions will determine the duration of the excess supply situation. Companies with consistent quality products, diversified product portfolio, access to international customers and a robust supply chain model stand a better chance of participating in the market growth and improving/maintaining their margins above the industry averages.

BOPP & CPP FILMS BUSINESS

The BOPP and CPP Film business are also witnessing similar dynamics. Growth in Asia especially China and India has been strong in the past and is expected to continue in the long-term. Bulk of the consumption and capacity for these products is now in the developing countries. However, these businesses are more regional in nature and therefore the regional demand-supply balances are more relevant. The Company is expected to benefit from the low cost of production from the high productivity BOPP line in India and the CPP line in Thailand as the long-term fundamentals of these investments continue to be good.

SILICONE COATING AND EXTRUSION COATING BUSINESSES

The Silicone coating business produces polyester release liner, which is used for carrying adhesive labels until these are removed from the release liner and are applied to the final surface. Other applications of siliconised polyester release liner include release liner for adhesive tapes, cast polymer materials, electronic applications, roofing and other industrial uses. The Company has expanded its capacity for this product range by commissioning a second coating plant in Thailand in FY 2011-12.

PTL has also ordered a Blown PP line which would enable better usage of the silicone coating facility and help broaden the product range by entering into the Peel & Stick liner segment for usage in the roofing market in United State of America (USA).

The Extrusion Coating Business involves the combination of PET/BOPP film with an extruded adhesive layer to produce a thermal lamination film. Thermal Lamination Film is used for the application of plastic film to the surface of another item like paper in order to improve the durability and give it an aesthetic appeal. The main uses of this are in teaching aids, maps, certificates, posters, menu cards, book covers, carton board boxes and food packaging. At present the Company has one extrusion coating facility in Thailand and considering the growth opportunities in this business the Company has decided to set up another extrusion coating plant at the same location.

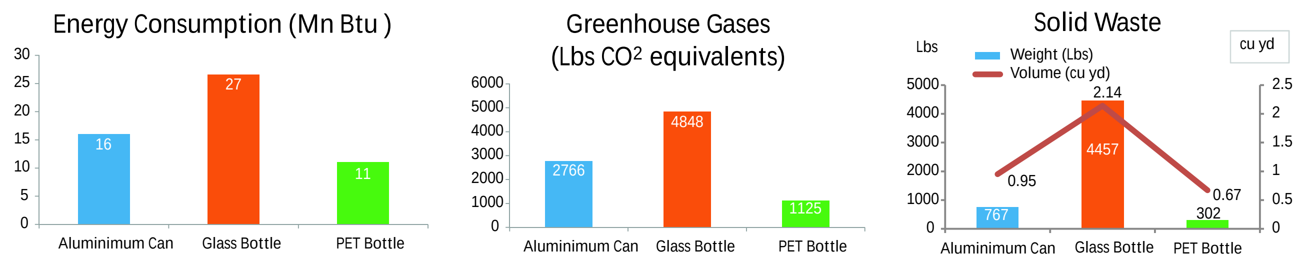
USA & European Union (EU) are the main markets for the products from these businesses.

BOTTLE GRADE PET RESIN

As a strategy to create another stream of profitable growth, the Company has decided to set up a brown-field Bottle Grade PET Resin plant at Turkey.

Bottle Grade PET Resin is being used in fast growing consumer products like mineral water bottles, carbonated soft drinks, etc with potential for continued growth as more products like Beer shift from traditional forms of packaging to PET bottles. PET bottles offer unmatched value along with low cost and would be very difficult to substitute. In fact PET is substituting materials such as PVC, Polystyrene and Glass bottles in packaging of specific products due to its better environment friendly features as mentioned below.

PET Resin Life Cycle Assessment (per 100,000 ounces of soft drink)



Source : Franklin Associates, a division of Eastern Research Group

FLEXIBLE PACKAGING INDUSTRY IN INDIA

India is one of the biggest and rapidly growing flexible packaging markets in the world. In the year under review, demand was impacted adversely by the ban on plastic usage for Gutka and Pan Masala segments, imposed in early 2011.

The Thin PET Film market in India is estimated to be around 192,000 tonnes for the year 2011-12. During the current financial year, growth of 10-12% is expected on the back of sustained growth in the flexible packaging industry in India. The total capacity in India is about 450,000 tonnes with some of the surplus being exported to other parts of the world.

The BOPP market in India is estimated at about 180,000 tons for the year under review with a capacity base of 425,000 tons. Demand is expected to grow around 12% annually. Exports of converted product have increased in recent times aided by strengthening US Dollar vs INR.

The extent of excess supply in both PET and BOPP Films at optimum production levels is such that even with significant export volumes, the domestic industry is still likely to face underutilized capacity.

STRATEGY

Polyplex seeks to maximize long-term returns to the shareholders by following a differentiated approach and proactively responding to anticipated changes in the business and environment. The key elements of this strategy have been:

- Manufacturing or distribution presence in the key regional markets for an efficient delivery model. Setting up of a new PET Film line in USA is another significant step in continuation of this strategy.
- Integrated manufacturing facilities with high productivity assets to ensure cost competitiveness
- Increasing the proportion of specialty product revenues.
- Accelerate investment in niche downstream products and related films to exploit synergies in operations, broad base product portfolio and provide a platform for further growth. Setting up of the extrusion coating project, the CPP line & Silicone Coating line in Thailand and the BOPP line in India are recent steps taken in this direction. Current initiatives include the first Thick PET Film line in the Company in Thailand besides the Blown PP line investment and another Extrusion coating line.

- Diversification in a new segment by setting up a manufacturing unit for Bottle Grade PET Resin having a high capital turnover ratio.
- Strong global delivery capabilities with a combination of near-shore and on-shore production base and efficient onward distribution network. Acquisition of the distribution company in the USA in early 2006 has been a strategic move of the Company in this direction which has created the base for investing into a manufacturing operation.
- Supplementing the trend of continuous organic growth, the Company has acquired the plastics metalizing assets of Vacumet Corporation, based in Georgia, USA, a fully owned subsidiary of Scholle Corporation, USA in July, 2012. Most of these assets would be relocated to Decatur in Alabama, USA to be integrated with the upcoming Thin PET Film line while some assets may be shifted to other group locations.
- Setting up of the Trading Company in China in FY 2009-10 was another strategic decision to establish the Company's presence in one of the largest and fastest growing markets for its products. The Company is also evaluating similar initiatives in other key regional markets like Latin America and Africa where its presence is limited.
- Increased emphasis on upgrading technical service and development of new product by exploiting in-house R&D capabilities.
- Continuous improvements in all aspects of the operations and cost optimization through various initiatives viz; replacing costly furnace oil with cheaper and environment friendly rice husk for oil heating system.
- Maintaining a strong and liquid balance sheet which gives it the flexibility to move quickly on any growth opportunity.

The results of this strategy are exhibited in the successful growth achieved by the Company over the years. Despite the challenging environment, the Company continues to identify attractive avenues for growth and is well-poised to create more long-term value for the shareholders.

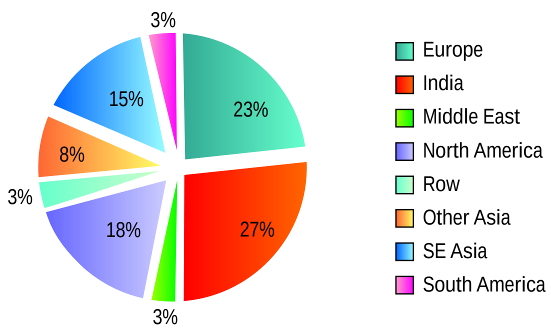
PERFORMANCE DURING THE YEAR

All discussion here is in the context of the consolidated performance of the Company.

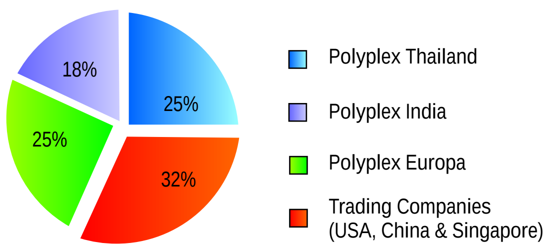
SALES & OPERATIONS

The Company has a large international presence with active sales in all major regional markets / countries across the world. The Company has a large base of about 1250 end customers and low customer concentration. Its top 10 customer groups contributed 28% of total revenues in 2011-12. Company's 73% of revenues were from PET Films in 2011-12. Of the total sales, 64% is accounted for by the end-users. The breakup of the Company's revenues from the various regions, operating companies, business segment and applications wise are given below:

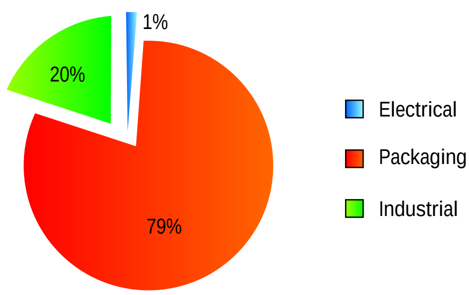
Region-wise Breakup of Sales



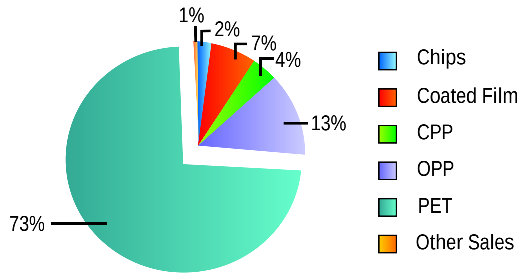
Operating Companywise Breakup of Sales



Application wise Breakup of Sales



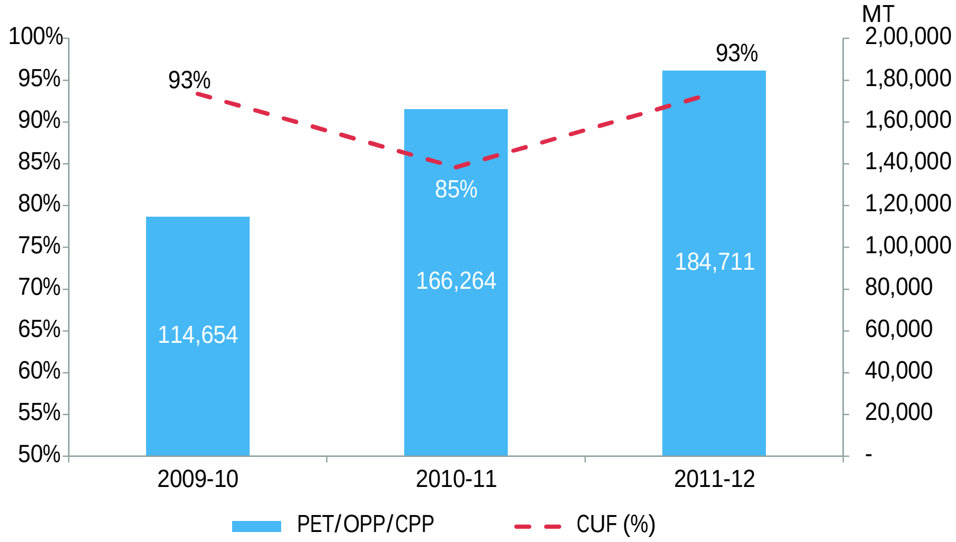
Business Segment wise Breakup of Sales



PET Film production during 2011-12 is about the same as in the previous year despite a lengthy shutdown of Line 1 at Khatima for upgradation.

During the year under review, Polyplex was also able to further ramp up operations at its OPP and PET Film Line at Bajpur as well as CPP plant at Thailand. The trend in production and utilization levels for all Base films (PET/OPP/CPP) is as under:

PET/OPP/CPP Film Production & Capacity Utilization



FINANCIAL PERFORMANCE

A snapshot of the Income Statement for the last two years is given below:

	2011-12 (Rs. in Lacs)		2011-12 % of Total Expenses	2010-11 (Rs. in Lacs)		2010-11 % of Total Expenses	Change (YoY)
Sales & Other Income	248,818	100%		246,035	100%		1%
Manufacturing Expenses	168,331	68%	77%	124,600	51%	74%	
Operating and other Expenses	33,401	13%	15%	30,472	12%	18%	
EBITDA	47,087	19%		90,962	37%		–48%
Interest & Finance Charges (Net)	4,140	2%	2%	4,734	2%	3%	
Depreciation and Amortization	13,082	5%	6%	8,387	3%	5%	
PBT (Before Exceptional Items)	29,865	12%		77,841	32%		–62%
Exceptional Items	(11,046)	-4%		63,687	26%		
Provision for Income Tax	(1,989)	-1%		7,874	3%		
Net Income (Before Minority Interest)	20,809	8%		133,654	54%		–84%
Minority Interest	11,411	5%		23,097	11%		
Net Income (After Minority Interest)	9,398	4%		105,557	43%		–91%

The lower EBITDA is primarily on account of the sharp decline in selling prices and margins in PET Films in comparison to the exceptionally high prices witnessed in the previous year. The decline in selling prices is an outcome of imbalance in the demand – supply situation, due to new PET Film capacity additions globally and the ban on usage of plastic films for packaging of Gutka & Pan Masala in India.

There was also an exceptional gain of INR 63,687 Lacs on account of part stake sale in a subsidiary in the previous year. During the year under review, the Company has changed the depreciation policy in India whereby additional depreciation charged to Profit & loss is Rs. 10,682 Lacs out of which Rs. 7,071 Lacs has been shown as an exceptional item as it pertains to earlier years. Due to this change in deprecation policy, Net Income is lower by Rs. 5,807 Lacs after accounting for the reversal in deferred tax provision. Exceptional item for the year also includes exchange loss of Rs. 3,967 Lacs on redemption of preference shares by a subsidiary.

1. Sales and Other Income

	2011-12 (Rs. in Lacs)	2010-11 (Rs. in Lacs)	Change (YoY)
Sales & Operational Income	2,41,577	2,43,332	-1%
Other Income	7,242	2,703	168%
Total	2,48,818	2,46,035	1%

The decline in the selling price of PET Films in the year under review has been made up by increase in sales volumes leading to a flat topline.

Other income includes foreign exchange gains and the interest income generated through deployment of surplus cash in low risk money market instruments/bank deposits.

The Break-up of Sales and Operational Income comprises of 73% from PET Film (80% in 2010-11), 2% from PET Chips (2% in 2010-11), 7% from Coating businesses (7% in 2010-11), 13% from BOPP films (8% in 2010-11) and 5% from CPP films/other sales (3% in 2010-11).

2. Manufacturing Expenses

	2011-12 (Rs. in Lacs)	**2010-11** (Rs. in Lacs)	**Change** (YoY)
Raw Materials Consumed (Incl. Stock Accretion/Decretion)	1,41,188	98,481	43%
Power & Fuel	14,390	14,758	-2%
Packing Material Consumed	7,874	6,809	16%
Stores & Spares Consumed	3,642	3,391	7%
Repairs and Maintenance	1,236	1,161	6%
Total Manufacturing Expenses	1,68,331	1,24,600	35%
as a % of Sales and Other Income	*68%*	*51%*	

Manufacturing expenses, as a percentage of sales and other income, have gone up from 51% to 68% due to reduction in the product prices and increase in raw material cost.

It is noteworthy that absolute manufacturing expenses have increased by 35% due to higher input prices and increased volumes.

Other manufacturing costs like packing cost, stores & spares and repair and maintenance have also increased mainly due to the expanded scale of operations.

3. Operating and other Expenses

	2011-12 (Rs. in Lacs)	**2010-11** (Rs. in Lacs)	**Change** (YoY)
Personnel Expenses	13,132	12,144	8%
Administrative Expenses	7,716	5,849	32%
Selling Expenses	12,395	12,122	2%
Other Expenses	158	358	-56%
Total Operating and other Expenses	33,401	30,472	10%
as a % of Sales and Other Income	*13%*	*12%*	

Operating and Other Expenses are higher reflecting the impact of inflation, expanded scale of operations and activities related to several new projects across Thailand, Turkey and US.

4. Interest & Finance Charges (Net)

	2011-12 (Rs. in Lacs)	2010-11 (Rs. in Lacs)	Change (YoY)
Interest Expense	3,758	4,082	-8%
Bank & Other Financial Charges	381	652	-42%
Total Interest and Finance Charges	4,140	4,734	-13%
as a % of Sales and Other Income	2%	*2%*	

Financial expenses are lower than the previous year due to prepayment of debt by PE and PCL and a minor decline in average interest rates. Interest on Loans for projects under implementation is capitalized as per accounting norms.

5. Liquidity & Capital Resources

The Company ensures access to sufficient funding at acceptable costs to meet its business needs and financial obligations through business cycles. The Company relies on cash from operations and short-term / long-term debt for meeting its requirements.

The Company continues to maintain adequate liquidity for its operations with a close watch on the debt service and leveraging ratios. Cash and equivalents together with undrawn credit lines (excluding project financing) and liquid investments aggregated to more than INR 1,28,588 Lacs (including unutilized working capital limits of Rs 26,304 Lacs) as at the end of the reporting period.

Cash flows during 2011-12

	2011-12 (Rs. in Lacs)	2010-11 (Rs. in Lacs)	Change (YoY)
Net Cash Flow From Operating Activities	46,254	48,690	–5.00%
Net Cash Flow From Investing Activities	(33,563)	61,101	–154.93%
Net Cash Flow From Financing Activities	(10,258)	(18,520)	–44.61%

Cash flow from Operations

For the year under review, cash-flow from operating activities was only slightly lower at INR 46,254 Lacs with lower product margins being offset by reduction in net working capital invested in the business.

Cash flow from investing activities

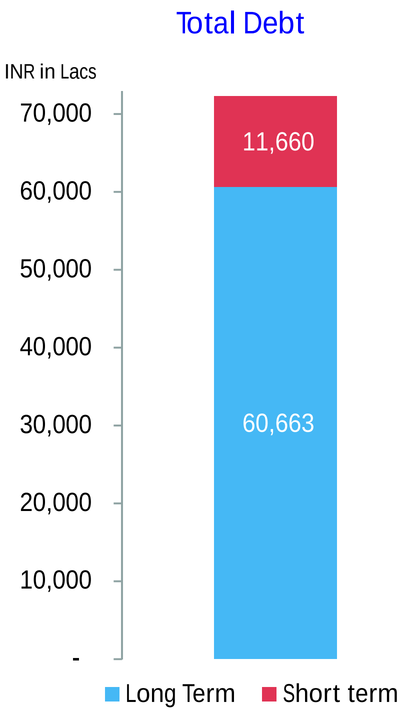
The cash generated was used in investment in fixed assets to the tune of INR 24,569 Lacs in 2011-12 (INR 14,574 Lacs in 2010-11), mainly towards on-going projects at various locations. In FY 2011-12, there is an exchange loss of Rs. 3,967 Lacs on redemption of long term investment held in a group entity as against an exceptional inflow of INR 63,687 Lacs (part stake sale in a subsidiary company) in FY 2010-11. Payment to minority was INR 9,073 Lacs in 2011-12. Interest and dividend income during the year is INR 2,825 Lacs (INR 867 Lacs in 2010-11).

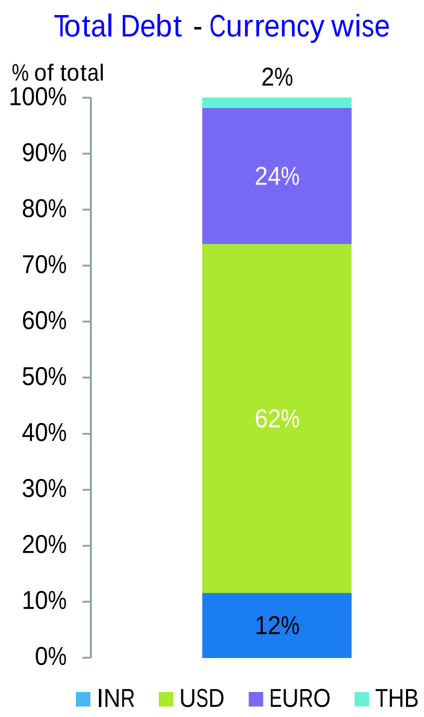
Cash flow from financing activities

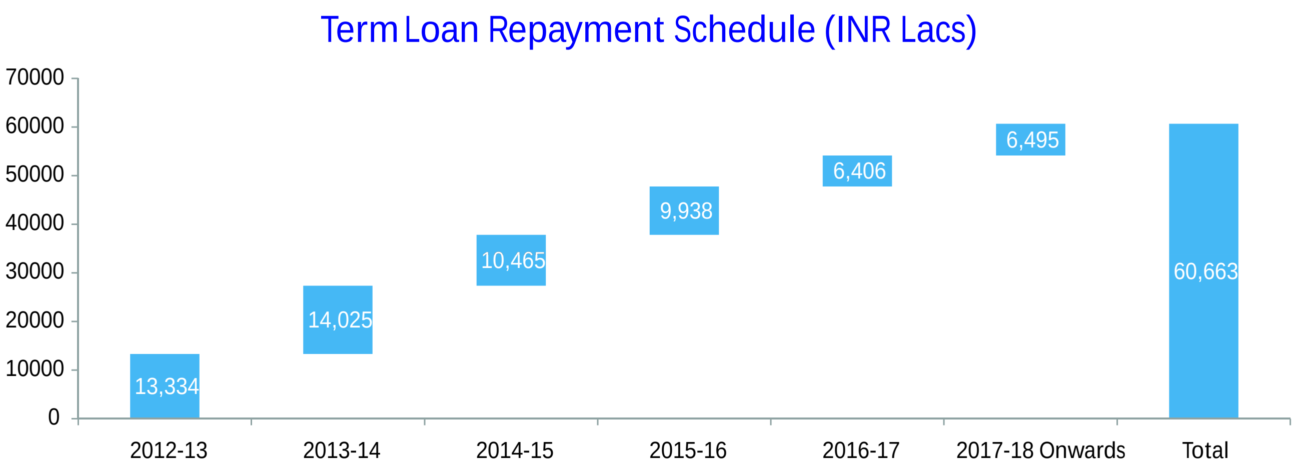
During the year a net amount of INR 3,588 Lacs was repaid (after accounting for fresh borrowings) against long-term and short-term debt (INR 11,219 Lacs net repayment in 2010-11). The Company paid dividend (including distribution tax) of INR 2,590 Lacs in 2011-12 (INR 2,583 Lacs in 2010-11). The interest paid during the year is INR 4,080 Lacs (INR 4718 Lacs in 2010-2011).

6. Debt Profile

Total debt (including interest accrued) as on March 31, 2012 was INR 72,323 Lacs, a decline of INR 510 Lacs from a debt level of INR 72,833 Lacs in March 31, 2011. This is due to the cumulative impact of scheduled repayment / prepayment of debt and loans availed for the projects undertaken in the FY 11-12.







PROJECTS

In Q3 FY 2011-12, the Company had successfully implemented the conversion of the oldest PET Film Line into an intermediate thickness and specialty film line at Khatima with a capital cost of INR 7,671 Lacs. In addition, a rice husk based thermic fluid heater, with a capital investment of INR 1,236 Lacs, has been installed at Bajpur in Q4 FY 2011-12. The thermic fluid heater is capable of running on rice husk as well as coal as the secondary fuel.

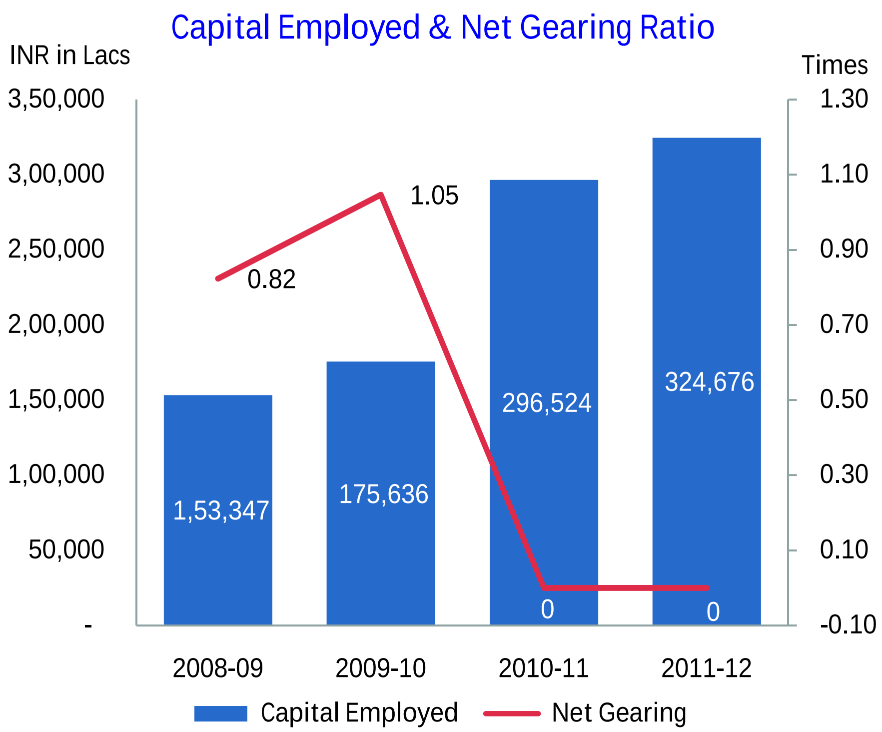
The implementation of Silicone coating line in Thailand, as a part of push for forward integration and value added products has been successfully implemented in Q4 FY 2011-12. This is a high capacity line with capability of making products suitable for the entire spectrum of end-uses for silicon coated products.

The following projects are under implementation, expected to be completed within FY 2012-14.

(Rs. in Lacs)

Project Details		Thin Polyester Film Line with Resin Plant & Metallizer	Thick Polyester Film Line with Resin Plant	Blown PP Line	Extrusion Coating Line 2	Bottle Grade PET Resins	Rice Husk based Thermic fluid heater	Total
Location		US	Thailand	Thailand	Thailand	Turkey	Khatima, India	
Capex Type		Greenfield Expansion	Brownfield Related Product Line	Brownfield Backward Integration	Brownfield Expansion	Brownfield Similar Product Line	Cost Saving Initiative	
Estimated Start up period		Q3,2012-13 (Film Plant) Q4,2012-13 (Resins)	Q1, 2013-14	Q1, 2013-14	Q1, 2013-14	Q1, 2013-14	Q4, 2012-13	
Estimated Capital Cost		51,446	37,575	3,248	4,110	38,353	1,284	136,016
Working Capital		10,187	4,742	1,818	2,693	4,018	–	23,459
Total Project Cost (Current estimate)		61,633	42,317	5,066	6,804	42,371	1,284	159,475
Financing Plan	Debt	42,277	30,562	3,566	3,311	30,671	1,284	111,670
	Equity	19,356	11,756	1,500	3,493	11,700	–	47,805
Total Amount Spent		8,527	5,008	210	457	3,308	50	17,560
Status of Financial Closure (Debt)		Closed	Closed	Closed	Closed	Advanced Stage	Closed	

The trend for Capital Employed and Gearing Ratio is as follows:



Despite significant borrowings for the various ongoing projects, the net gearing ratio at the end of FY 2012-13 is expected to be comfortably below 1.00.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

As an industry that potentially has a high impact on the environment, Polyplex is conscious of its corporate responsibility towards the environment and communities. Through an R&D initiative, Polyplex has pioneered the use of bio-based renewable raw material and energy for the production of polyester film.

At its plant location in Khatima, India, Company supports a school since the past two decades with over 1600 students which provide equal educational opportunities to children from all sections of the society. In order to provide high quality education to children of local community at Bajpur, the Company has set up 'Polyplex Foundation', a society registered under the Societies Registration Act, 1860, to establish and run a private unaided CBSE affiliated school.

Under a PPP (Public Private Partnership) model at Bajpur and Khatima, Polyplex has adopted two local schools, providing necessary infrastructure such as furniture and fittings. Polyplex has also undertaken a slew of sports and education sponsorships, besides full scholarships to school-going children of deceased employees. Polyplex promotes inter-religious harmony through its even-handed support of local religious activities and celebrations.

A key component of the carbon offset solutions includes positive eco-action through Tree Plantation, helping raise the local bio-diversity index. Polyplex is closely integrated into local communities through comprehensive and sustained social programmes. These include blood-donation drives at all its facilities across the world, free Eye Check-ups and Inoculation Camps in collaboration with local hospitals, installation of potable water coolers in public spaces, and active support to flood relief efforts in India and Thailand.

HEALTH, SAFETY AND ENVIRONMENT

The Company strives for continuous improvement in safety and health by practicing better work procedures, continuously improving the working conditions, monitoring and controlling work place hazards, creating awareness through active involvement, participation and continuous training. The Bajpur unit has also been certified for OHSAS 18001 and ISO 22001 in the month of April 2012. With this, all the manufacturing locations have attained this particular Occupational, Health and Safety management certification and diligently follow the guidelines that have been set out.

The Company is also committed to continually improve its environmental performance and to contain and reduce pollution from its operations by optimum utilization of energy and other resources, waste management through recovery, recycle and re-use of material, reduction in emissions and effluents, enhancement of awareness amongst the employees through effective communication and training. One of the key initiatives is the successful development of Green PET Film with a significant proportion of bio sustainable inputs and/or usage of recyclate.

Polyplex has also undertaken some substantive environment related improvement initiatives as under:

- Switch over from Furnace Oil to Husk for oil heating system at Bajpur which leads to reduction in green house gases.
- Start monitoring of carbon footprint at all manufacturing locations.

As another sustainability initiative, the Company is working on a project to recycle non-usable process waste. The project, to be implemented in Thailand, would ensure the improvement in the recyclability of industrial process waste. In the future the company would target to also recycle post consumer flexible packaging waste.

The Company plans to report sustainable initiatives to GRI (Global Reporting Initiatives) covering all manufacturing locations.

The Company has been following best practices relating to Environment, Health and Safety and has the following certifications in this regard:

Systems Standards		PCL–Khatima	PCL–Bajpur	PTL–Thailand	PE–Turkey
ISO 9001:2008	Quality Management System	Certified since 1996	Certified since 2010	Certified since 2004	Certified since 2006
ISO 14001:2004	Environment Management System	Certified since 2002	Certified since 2010	Certified since 2004	Certified since 2009
OHSAS 18001: 2007	Occupational Health & Safety Management System	Certified since 2004	Certified in April 2012	Certified since 2008	Certified since 2009
ISO 22000:2005	Food Safety Management System	Certified since 2008	Certified in April 2012	Certified since 2009	N.A.
BRC-IOP	Food Safety Management System	N.A.	N.A.	N.A.	Certified since 2006

HUMAN RESOURCES

Polyplex's workforce of over 1480 employees is a blend of diverse nationalities and cultures. The Company believes that its employees are at the core of its corporate purpose. They are the key to achieving its vision and are the primary source of competitive advantage.

Several projects would be commissioned over the next twelve months which will lead to creation of new opportunities for internal growth for the existing employees.

As part of its quest for Human Resource Excellence, the Company has drawn up a road map for continuous improvement in its employee engagement practices. In a major initiative, the Company has formally enunciated its 'Values & Beliefs' with a view to align systems and processes as well as employee conduct with the stated values. Polyplex continues to invest in the development of its leadership, managerial & technical capabilities. Safety training and enhancing technical competence are the two most significant areas that are addressed through the training programs. Leadership Development programs are directed at developing people in consonance with the succession plan for Senior Management. Another important feature for developing people at Polyplex is providing cross functional inputs for improving the synergies across functions and to develop appreciation of other functions.

Industrial relationships have been cordial and peaceful across all manufacturing locations.

INFORMATION TECHNOLOGY

During the year under review, 'Business Applications' in Thailand have been upgraded to better and contemporary development platforms. The Company also undertook network and infrastructure assessment to initiate improvement in these areas.

Further steps are being taken to improve application framework to enable business processes extension to customers and vendors and achieve better operational efficiencies and effectiveness. On the communications side, the Company continues to invest regularly to maintain better infrastructure. During the current year, the capabilities of communication system have been improved to cover locations outside the company network.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The Company is fully committed to ensure an effective internal control environment which would provide assurance on the efficiency of its operations and security of its assets. The robust internal control system is supplemented by an independent internal audit function, reviews by management and documented policies, guidelines and procedures. The Company continuously upgrades its internal control system by measures such as strengthening of IT infrastructure and use of external management/risk assurance services.

FUTURE OUTLOOK & PLANNED INVESTMENTS

The exceptionally high margins in 2010 have attracted a lot of new investments in the PET/OPP film business. Most of these capacity additions have started commercial operations towards the second half of 2011 and first half of 2012. While demand growth remains intact and robust, bunching in capacity additions in anticipation of future growth does create periods of high competition with the resultant moderation in margins.

The Company remains confident that with its strengths of distributed manufacturing operations, diversified product portfolio, consistent quality, access to international customers, efficient supply chain model, higher proportion of value added products and superior performance it should be able to grow profitably and withstand variability in industry environment. The Company is well poised to capture growth opportunities in all its business segments within the confines of business prudence.

RISKS

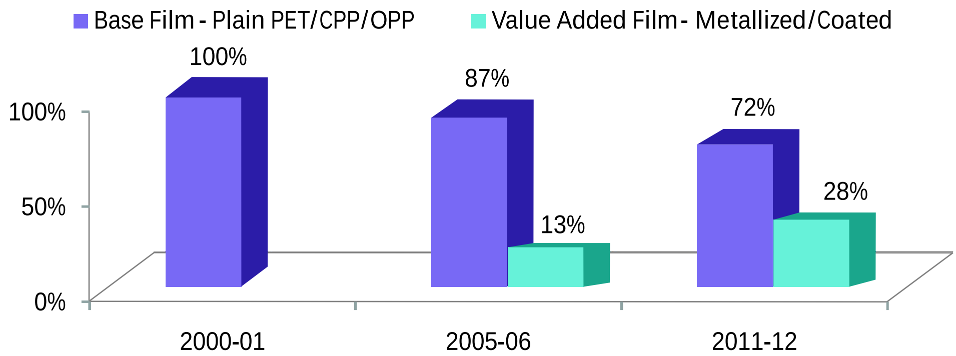
COMPETITION & BUSINESS CYCLES

Demand-supply balance is the major factor influencing industry cycles. This balance in base films (PET/OPP/CPP) could vary across regions as well as product categories notwithstanding large international trade flows. The changing demand-supply balance and resulting fluctuation in the operating rates brings about volatility in margins which is an intrinsic feature of this business. Overcapacity results in a decline in the spread between raw material and selling prices (value addition). While the value additions in a region varies in a limited band, the cost structures between manufacturers could be significantly different because of differences in asset quality, productivity levels and the inherent cost structure of various countries.

In the short to medium term, there is a high likelihood of excess supply due to bunched startup of new capacities whereas growth in demand is linear. The Company's business model is designed to moderate volatility in earnings and build long-term competitiveness based on:

- State of the art manufacturing assets with the ability to service key regional markets based on low delivered cost.
- Geographically distributed manufacturing enabling better delivery capabilities, which provides better access to the global markets and a more balanced sales profile across regions, customers and currencies.
- Integrated manufacturing with co-location of PET resin production as well as downstream metallizing and offline coating lines.
- Broad-basing of product lines with diversification into BOPP, CPP, Blown PP & Thick/Specialty films, enabling the Company to offer a more complete package to the end user.
- Portfolio of different substrates, off-line coating of films and specialty films, which have different demand-supply conditions, helps in moderating the fluctuations in overall margins.
- Related diversification in a new segment by setting up a manufacturing unit for Bottle Grade PET Resin having a high capital turnover ratio.
- Increased focus on new product development through R&D or technology acquisitions besides creating a strong technical services team are likely to be additional differentiators between Polyplex and its competition
- Increasing the proportion of specialty product revenues. A historical trend is given below:

Share in Film Sales Turnover



VOLATILITY IN COMMODITY PRICES

The basic raw material for production of PET Film is PET Resin, which in turn is produced from Purified Terephthalic Acid (PTA) and Mono Ethylene Glycol (MEG).

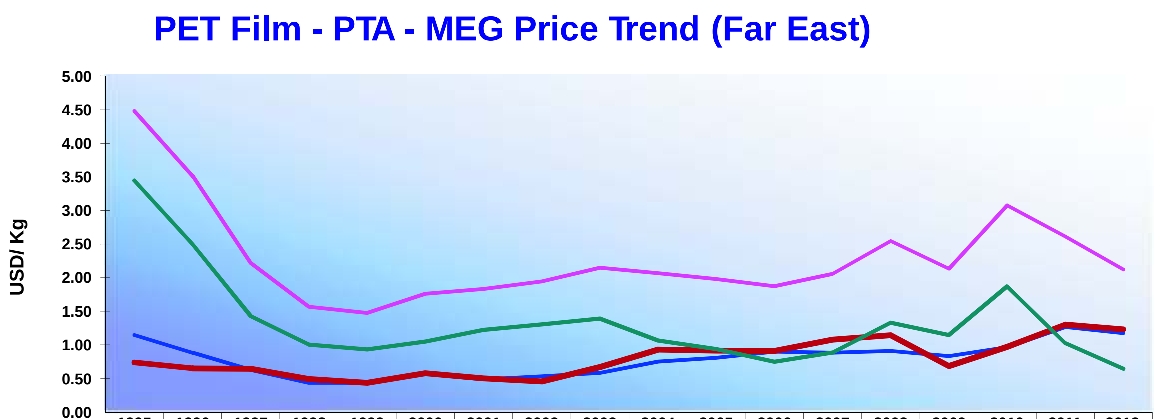
Cost of resin is the single largest component of the total production cost of Polyester film and any fluctuation in the resin price impact the Company's operating margins depending upon the ability of the Company to pass on the increase in costs to its customers. As selling prices are usually negotiated on a monthly / quarterly basis, in a balanced demand supply situation, the Company is usually able to adjust the selling prices following any changes in the PET resin cost and other operating costs.

During FY 2011-12, the value additions in the Polyester Film industry corrected back to normal levels as compared to the extraordinary high levels witnessed in the year 2010-11. This reduction was brought about by the additional supplies which came into the market in 2011 and corrected the demand supply imbalance in the PET Film industry seen in year 2010.

Analysis of historical data shows high correlation between PTA/MEG – Polyester Film prices. The spread between two intermediates would vary depending upon the demand-supply situation of the commodity. Also sudden and sharp movements in raw material prices may affect the correlation for some time.

The chart below shows the past trend in the pricing of PET Film and PTA and MEG:

A historical depiction of the Industry raw material prices and PET Film prices for Far East region is given below :



	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
PET Film (12 Mic. Corona)	4.48	3.51	2.22	1.57	1.48	1.76	1.83	1.94	2.15	2.07	1.98	1.88	2.06	2.54	2.13	3.08	2.61	2.13
PTA	1.15	0.88	0.63	0.44	0.44	0.57	0.49	0.53	0.59	0.75	0.81	0.90	0.88	0.91	0.84	0.97	1.27	1.18
MEG	0.74	0.65	0.65	0.49	0.44	0.58	0.50	0.46	0.67	0.93	0.92	0.91	1.08	1.15	0.69	0.97	1.30	1.23
VA Over PTA & MEG	3.44	2.50	1.43	1.01	0.93	1.05	1.22	1.31	1.39	1.07	0.94	0.75	0.89	1.33	1.14	1.87	1.02	0.64

PET Film (12 Mic. Corona) PTA MEG VA Over PTA & MEG

Source: Company estimates

The above industry data of the Far East demonstrates that variations in the raw material prices by and large tend to get passed on to the end-customers. The demand-supply balance of PET Films which could vary across regions could impact margins. The spread between the raw material and PET Films, especially over the last few years, has moved in a band. Similar dynamics are at play in the BOPP/CPP Films.

The Company monitors world and local input price trends carefully and determines its procurement plans accordingly. Moreover the raw material price movement is also common for all the participants of the industry and does not put Polyplex in a materially advantageous or disadvantageous position vis-à-vis its competitors.

The prices of the downstream products like silicone coated and extrusion coated films are less susceptible to changes in raw material prices and reduce the overall portfolio risk.

TRADE DEFENSE MEASURES

International trade in PET Film has been subjected to trade defense measures for more than two decades through the imposition of Anti-Dumping (AD) duties and Countervailing Duties (CVD).

Anti-dumping duty can be imposed on imports if the ex-factory prices of such imported products are proved to be lower than the local selling prices of the similar products in the countries of the exporters. The important markets adopting this measure are the EU and US against several countries. Countervailing Duty (CVD) can be imposed if the government or any government agency provides any subsidy to any exporter of such country. Such tariff measures result in an increase in the delivered price of the goods, making it difficult for the targeted suppliers to compete in those markets. In both cases injury to domestic industry in the importing country has to be established.

In the last US Anti-Dumping petition of 2007 against producers of PET Film from Thailand, China, Brazil and United Arab Emirates (UAE), duties were imposed against China, UAE and Brazil in the range of 3.5% to 76.7%, but exports from Thailand were found to be not causing any injury to the US domestic industry. This had led to non-imposition of any special duties on exports from Thailand to USA. In an administrative review conducted by the US Department of Commerce in 2010, duties on these countries (other than Thailand) have been reiterated at almost similar levels.

Exports from India are subject to AD and CVD duties, totaling to 0.00% - 29.30% in EU and 3.57% to 65.59% in the US, apart from the normal import duty rates. Polyplex's exports from India to the US and EU are subject to Anti-Dumping and CVD duty rates of 3.70% in EU and 7.6% in the US respectively.

Since March 2012, Brazil has imposed AD duties on imports of PET Films from Turkey, UAE and Mexico in the range of USD 67.44/MT to USD 1013.98/MT, with duty on exports from Polyplex Turkey to Brazil being the lowest. However, as sales from Polyplex Turkey to Brazil are limited, the impact of AD duty is minimal.

The Company undertakes all safeguards to insulate against the risk arising out of anti-dumping actions and other trade barriers imposed by the importing countries. A geographically well-diversified manufacturing and sales portfolio also helps mitigate the adverse fall-out of such an action, if any.

LIQUIDITY

Global economic conditions remain weak on account of the continuing Eurozone crisis & concerns about the underlying strength of the US recovery. Though governments and central banks have followed consistently accommodative macroeconomic policies, the risks remain on account of unemployment in advanced economies, high inflation in developing economies and weaker credit systems.

While in terms of profitability, the Company's performance has not been as good as previous year, it has large cash reserves, affording an effective debt free status. Cash and equivalents together with undrawn credit lines (excluding project financing) and liquid investments aggregated to more than INR 1,28,588 Lacs (including unutilized working capital limits of Rs 26,304 Lacs) as at the end of the reporting period. The Company's liquidity position along with forecasted profitability is a key factor for investment decisions. Despite on-going expansions, the Company maintains adequate liquidity and ensures debt levels remain within prudent norms of leveraging.

The Company periodically undertakes "Stress" tests to evaluate the potential impact of an adverse economic and industry environment. Free cash flows along with large unutilized credit lines shall be quite adequate in any kind of stress situation.

EXCHANGE RATE AND INTEREST RATE RISK

Foreign Exchange risk arises on account of sudden/unanticipated changes in exchange rates. As the Company deals in multiple currencies due to its operations at different locations and high export orientation, there is a risk on account of currency mismatches. Since the currency markets are highly volatile currently, the Company's policy is to minimize the risk by adopting the natural hedge strategy. Natural hedge is created by choosing the right trade currency and loan currency. Thus, the Company fixes the currency of the liability in order to match with the currency of operational surplus. The remaining mismatched exposures are optimized by the Company through a careful process of identification, measurement, monitoring and hedging by using simple instruments like forwards such that the maximum potential loss is within a defined risk limit. As there is a natural hedge available for all the long-term borrowings, the Company does not cover the exchange rate risk on these liabilities. Therefore, the foreign exchange translation gain/ loss on these liabilities, as reported in the Financial Statements, may not have a corresponding impact on the cash flows of the Company as the payments for these loans shall be met out of future receivables in the same currency.

The main currencies of borrowing for the Company are USD, EURO and INR. As the Company is net USD surplus, the maximum borrowings are in USD, contributing 62% of the debt profile, followed by Euro borrowings which contribute

24%. In order to have a more balanced portfolio, the Company has also shifted some of its floating rate debt to fixed rate through interest rate swaps in order to make the portfolio less susceptible to rise in interest rates. Out of the total debt portfolio, as on March 31, 2012, 89% was floating in nature.

CREDIT RISK

Credit risk refers to the risk of non-payment by the debtors. This risk rises in case of unsecured or open payment terms. The average credit period of the Company during 2011-12 was 40 days as compared to 49 days in 2010-11. The risk is secured either through trade instruments or credit insurance. Over the years the number of customer has increased to 1250 in 2011-12 with low concentration as evidenced by 28% of the total revenues in 2011-12 being contributed by the top 10 customer groups of which more than three-fourths was from large distributors with a diversified end customer base.

Though the overall financial instability across the globe has led to some degree of increase in the credit risk associated with the sales, a robust internal credit risk management policy has enabled it to manage the credit risk prudently.

PROJECT IMPLEMENTATION RISK

Risks associated with implementation of new projects are inherent to the business. Any delay in implementation, cost overrun, inability to stabilize production from the new investment and failure to meet the target investment objectives may significantly affect the future profitability and financial position. The risks are sought to be mitigated by forming a dedicated project management team, corporate management oversight, management commitment and suitable protection clauses in contractual arrangements and appropriate insurance products.

COUNTRY RISK

The installed capacity of base films as also downstream units is quite evenly spread out among the three manufacturing country locations of India, Thailand & Turkey. Therefore, fortunes for the parent company in India are intricately interwoven with the success of the manufacturing operations in Thailand and Turkey. Based on the Company's experience so far, as well as, that of a whole spectrum of foreign owned businesses present in Thailand and Turkey for a long time, it would appear that the risks are not significant. Though some political problems have been faced in the past years both at Thailand and Turkey, it has had almost no impact on business activities. In the event these problems escalate, there may be some impact for a short duration. However, no adverse long term impact is envisaged.

Last year there were natural catastrophic events in Thailand and Turkey like flood and earthquake but the Company's/Operations were not impacted significantly because plants were located far from the affected region.

With the start up of manufacturing facility in USA the exposure will now be spread to four countries further diversifying the risk.

OTHER RISKS

Other key risks include natural disasters, machinery breakdowns, product and public liabilities. As these risks are largely insurable, the Company follows a risk mitigation philosophy by availing suitable insurance products to the extent it is commercially viable.

Other factors which may affect performance, earnings and liquidity are global occurrences like the 2008 financial crisis, ongoing European crisis, etc besides plant failures; legal cases and proceedings; developments or assertions by or against us relating to intellectual property rights; large claims from customers due to product quality deficiencies; disruptions in transportation, utility services, IT infrastructure and ERP systems; substitution of the Company's products by other products; employee work stoppage at plants; changes in government regulations on the use of plastics, labor laws, taxation etc.

CAUTIONARY STATEMENTS ABOUT FORWARD LOOKING STATEMENTS

This report contains forward-looking statements which may be identified by their use of words like 'plans,' 'expects,' 'will,' 'anticipates,' 'intends,' 'projects,' 'estimates' or other words of similar meaning. All statements that address expectations or projections about the future, including statements about the Company's strategy for growth, market position, expenditures and financial results are forward-looking statements. Forward-looking statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realized. For some of the important factors that could cause the Company's actual results to differ materially from those projected in any such forward-looking statements see the Risk Factors discussion set forth later in this section.

POLYPLEX

DIRECTORS' REPORT

Your Directors have pleasure in submitting the Twenty-seventh Annual Report and Audited Accounts for the year ended March 31, 2012.

1. **Financial Highlights and Operations**

The standalone financial performance of the Company for the year ended March 31, 2012 is summarized below:

(Rs. in Lacs)

	2011-12	2010-11
Gross Revenue	**1,04,719.54**	98,720.06
Profit before Finance Cost, Depreciation & Amortisation and Tax and Exceptional Items	**22,774.16**	31,871.25
Less : Finance Costs	**3,250.75**	3,529.91
Less : Depreciation & Amortisation	**7,369.85**	3,221.42
Profit before Tax and Exceptional Item	**12,153.56**	25,119.92
Add: Exceptional Item- Gain/(Loss)	**(7078.80)**	—
Profit before Tax but after Exceptional Item	**5,074.76**	25,119.92
Tax expenses & prior period adjustment	**(2,524.67)**	7,466.70
Profit after Tax (PAT)	**7,599.43**	17,653.22
Add : Surplus brought forward	**21,768.83**	9,616.65
Profit available for Appropriations	**29,368.26**	27,269.87
Appropriations:		
Transfer to General Reserve	**760.00**	1,780.00
Interim Dividend	**—**	959.54
Proposed Final Dividend	**1,279.38**	2,238.92
Corporate Dividend Tax	**207.55**	522.58
Balance surplus carried to Balance Sheet	**27,121.33**	21,768.83

2. **Consolidated Working Results (Under Indian GAAP)**

(Rs. in Lacs)

	2011-12	2010-11
Gross Revenue	**2,48,818.49**	2,46,034.72
Profit before Finance Cost, Depreciation & Amortisation and Tax and Exceptional Items	**47,087.07**	90,962.47
Less : Finance Costs	**4,139.59**	4,734.18
Less : Depreciation & Amortisation	**13,082.12**	8,387.28
Profit before Tax and Exeptional Item	**29,865.36**	77,841.01
Add : Exceptional Item - Gain/(Loss)	**(11,045.78)**	63,687.01
Profit before Tax but after Exceptional Item	**18,819.58**	1,41,528.02
Tax expenses & prior period adjustment	**(1,989.37)**	7,874.39
Profit after Tax before Minority Interest	**20,808.95**	1,33,653.63
Less : Minority Interest	**11,410.52**	28,096.69
Profit after Tax and Minority Interest	**9,398.43**	1,05,556.94
Earnings Per Share of Rs.10/- Each (Rs.) (Basic)	**29.38**	330.03
Earnings Per Share of Rs.10/- Each (Rs.) (Diluted)	**29.38**	330.03

3. **Year in Retrospect**

During the year under review, Company was able to maintain Consolidated Gross revenue by increasing sales volume despite sharp decline in selling prices and margins in PET Films in comparison to the exceptionally higher prices witnessed during the Previous Year. The fall in selling prices was due to creation of new PET Film capacity globally as also the ban imposed on usage of plastic films for packaging of Gutka and Pan Masala in India.

Consolidated Net Income (before taxes, exceptional items and minority interest) for the year under report Rs.298.65 Crores as against Rs.778.41 Crores during the Previous Year.

With a much stronger financial position on consolidated basis, the Company is implementing several new projects across Thailand, USA and Turkey. These new projects/locations are expected to provide further impetus to growth and profitability in years to come besides enabling your Company to provide a much wider range of plastic films & resins to its customers.

More details on operations and a view on the outlook for the Current Year are given in the 'Management Discussion & Analysis Report', which forms part of the Annual Report.

4. **Dividend**

The Board has recommended a Final Dividend of Rs.4/- per share (tax free in the hands of shareholders), which would be paid after its approval by the shareholders in the ensuing Annual General Meeting.

5. **Subsidiary Companies**

A large proportion of your Company's consolidated revenues and earnings pertain to the investments in subsidiaries outside India. The performance of the subsidiaries during the year has been satisfactory.

Following three companies registered in United States of America viz. PAR LLC, Polyplex America Holdings Inc., and Polyplex USA LLC, as also another Company registered in Turkey viz. Polyplex Resin Sanayi Ve Ticaret AS became step-down subsidiaries during the year under report.

In terms of General Circular No.2/2011 dated February 8, 2011, issued by the Ministry of Corporate Affairs, Government of India, Companies have been granted general exemption from the provisions of Section 212 of the Companies Act, 1956 from attaching accounts of its subsidiaries, subject to fulfilment of conditions mentioned therein. In terms of the said circular, financial data is given in the 'Details of the Subsidiary Companies' in this report.

6. **Consolidated Financial Statements**

Audited Consolidated Financial Statements for the year ended March 31, 2012 under Indian GAAP are attached.

7. **Directors' Responsibility Statement**

As required under Section 217 (2AA), which was introduced by the Companies (Amendment) Act, 2000 your Directors confirm that :-

i) In the preparation of the Annual Accounts, the applicable Accounting Standards have been followed;

ii) The Directors have 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 as on March 31, 2012 and of the profit of the Company for the year ended on March 31, 2012.

iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

iv) The Directors have prepared the Annual Accounts on a 'going concern' basis.

8. **Other Statutory Information**

Information as required by Section 217 (1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is attached.

Particulars of employees as required to be furnished pursuant to Section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules 1975, forms part of this report. As per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and Accounts, excluding the statement of particulars of employees, are being sent to all the shareholders of the Company. Any shareholder interested in obtaining a copy may write to the Company Secretary of the Company.

9. **Directors**

Shri S.G. Subrahmanyan ceased to be Director of the Company due to his demise on December 27, 2011. Shri S.G. Subrahmanyan was associated with the Company since October 16, 1986. . He was the Chairman of the Company from October 16, 1986 to May 28, 2002 and Vice Chairman w.e.f. May 29, 2002. He was also the Chairman of the Audit Committee. Your directors place on record their appreciation for the contribution made by Shri S.G. Subrahmanyan during his association with the Company.

Shri Sanjiv Saraf and Shri Sanjiv Chadha retire by rotation and being eligible have offered themselves for re-appointment.

The tenure of Shri Pranay Kothari as Whole Time Director designated as Executive Director expires on September 6, 2012. Your Directors propose to re-appoint him for another term of three years on the terms and conditions contained in the Notice of the ensuing Annual General Meeting.

10. Auditors

The Company's Auditors M/s. Lodha & Co., Chartered Accountants, (Registration No. 301051E) retires at the ensuing Annual General Meeting, and have confirmed their eligibility and willingness to be re-appointed.

11. Cost Auditors

In terms of Ministry of Corporate Affairs, Cost Audit Branch, Government of India Order dated January 24, 2012, the Board of Directors of the Company on the recommendations of Audit Committee have appointed M/s. Sanjay Gupta & Associates, Cost Accountants to audit the Cost Accounts of the Company for the Financial Year 2012-13 in respect of products manufactured by the Company falling under Chapter Heading 39 under the Central Excise Tariff Act, 1985.

12. Depository System

Your Company's equity shares are being traded in 'demat' form since April 30, 2001. Shareholders of the Company who are still holding shares in physical form are advised to get their physical shares dematerialised by opening a demat account with one of the Depository Participants.

13. Acknowledgement

Your Directors wish to place on record their appreciation for the wholehearted and sincere cooperation the Company has received from the various departments of Central/State Governments, Financial Institutions and the Bankers to the Company. Your Directors also wish to place on record their appreciation for the dedicated and sincere services rendered by the employees of the Company.

For and on behalf of the Board

Place : Noida
Date : August 14, 2012

Sanjiv Saraf
Chairman

ANNEXURE TO THE DIRECTORS' REPORT

Information under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988 and forming part of the Directors' Report.

A. CONSERVATION OF ENERGY:

- Energy audit to monitor and improve energy efficiency of various processes.
- Replacement of fuel oil by the rice husk, a greener and environmental friendly fuel.
- Reduction in electricity consumption by using energy efficient lighting equipment.
- Reduction of water consumption by utilizing the ETP outlet water.

B. RESEARCH & DEVELOPMENT (R&D)

Continues to focus on innovation and develop various new products and applications:

- Environmental friendly products like bio-feedstock based film, bio-degradable film and film with recycled polyester.
- Clear film, hazy film, white film, transparent film & many other special products customized for specific application and customer requirement.

C. TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION:

- Modernization of Line-1 (12 to 150 Mic).
- Modernization of Pinning System.

D. FOREIGN EXCHANGE EARNINGS AND OUTGO:

Earned	:	Rs.39,258.80 Lacs (Previous Year – Rs.41,232.37 Lacs)
Used	:	Rs.16,347.06 Lacs (Previous Year – Rs.13,715.15 Lacs)

DETAILS OF SUBSIDIARY COMPANIES PURSUANT TO SECTION 212(3) OF THE COMPANIES ACT, 1956

(Rs. in Lacs)

Sr. No.	Name of the Subsidiary Companies	Financial year ending of the subsidiary	Number of Equity/ Ordinary Shares/ Common Stock held	Extent of holding (Directly and/or through other subsidiary/ies)	For the Financial Year of the subsidiary		For the Previous Financial Years since it became a subsidiary	
					Profits/(Losses) so far it concerns the members of the holding company and not dealt with in the books of account of the holding company (except to the extent dealt with in col. 7)	*Profis/(Losses) so far it concerns the members of the holding company and dealt with in the books of account of the holding company*	*Profit/(Losses) so far it concerns the members of the holding company and not dealt with in the books of account of the holding company (except to the extent dealt with in col. 9)*	*Profits/(Losses) so far it concerns the members of the holding company and dealth with in the books of account of the holding company*
1	2	3	4	5	6	7	8	9
1	Polyplex (Asia) Pte. Ltd. (PAPL)	31-3-2012	Common Stock of US$ 10,00,000 of no par value held directly.	100.00%	10,109.51	Nil	70,578.55	Nil
2	Polyplex (Thailand) Public Company Ltd. (PTL)	31-3-2012	132,000,000 Ordinary Shares of Baht 1 each directly and 276,000,000 Ordinary Shares of Baht 1 each by PAPL.	51.00%	3,665.49	Nil	23,885.98	Nil
3	Polyplex (Singapore) Pte. Ltd. (PSPL)	31-3-2012	Entire Common Stock Stock of 1,00,000 Ordinary Share of no par value aggregating to US$ 10,00,000 held by PTL.	51.00%	1,482.77	Nil	404.08	Nil
4	Polyplex Europa Polyester Film Sanayi Ve Ticaret A.S (PE)	31-3-2012	15,00,000 Shares of TRY 5 each held by PSPL.	51.00%	7,608.42	Nil	29,074.05	Nil
5	Polyplex (Americas) Inc. (PA)	31-3-2012	Common Stock of 25,000 Shares of no par value directly and Common Stock of 2,03,000 Shares of no par value held by PTL.	50.80%	168.48	Nil	428.83	Nil
6	Polyplex Trading (Shenzhen) Company Ltd. (PTSL)*	31-3-2012	Entire Ordinary Shares aggregating to US$ 4,00,000 held by PSPL.	51.00%	(12.72)	Nil	3.47	Nil
7	PAR LLC, (PAR)	31-3-2012	Common Stock of 2,20,000 Shares of no par value aggregating to US$ 22,00,000 held by PAPL.	100.00%	(13.76)	Nil	N.A.	N.A.
8	Polyplex America Holdings Inc. (PAH)	31-3-2012	Entire Common Stock aggregating to US$ 2,22,00,000 held by PTL.	51.00%	(6.76)	Nil	N.A.	N.A.
9	Polyplex USA LLC (PU)	31-3-2012	Entire Member's units of US$ 2,22,00,000 held by PAH.	51.00%	(117.70)	Nil	N.A.	N.A.
10	Polyplex Resins Sanayi Ve Ticaret A.S (PR)	31-3-2012	40,49,686 Ordinary Shares of TRY 5 each held by PAPL.	100.00%	(101.33)	Nil	N.A.	N.A.

Notes :

1 Polyplex (Asia) Pte. Ltd., Singapore is a Wholly Owned Subsidiary. All other Companies are step down subsidiaries of the Company.

2 PAR LLC, USA., Polyplex America Holdings Inc., USA , Polplex USA LLC, USA and Polyplex Resins Sanayi Ve Ticaret A.S. Turkey become subsidiaries during the year.

3' *Financial Information is based on Unaudited Results.

DETAILS OF SUBSIDIARY COMPANIES PURSUANT TO SECTION 212(8) OF THE COMPANIES ACT, 1956

(Furnished pursuant to Ministry of Corporate Affairs, Government of India General Circular No.:2/2011 dt. February 8, 2011)

(Amount in Lacs)

Sr. No.	Name of the Subsidiary Companies	Country of Incorpo-ration	Currency	Capital	Reserve/ (Deficit)	Total Assets	Total Liabilities	Details of Investment (other than in sub-sidiaries)	Turnover/ Income	Profit/ (Loss) Before Taxation	Provision for Taxation	Profit/ (Loss) After Taxation	Proposed Dividend
1	Polyplex (Asia) Pte. Ltd.	Singapore	US $ INR	11.30 575.68	1,583.83 80,688.06	1,595.24 81,269.34	1,595.24 81,269.34	76.24 3,884.04	300.31 15,299.26	198.44 10,109.51	– –	198.44 10,109.51	30.00 1,528.35
2	Polyplex (Thailand) Public Company Ltd.	Thailand	Thai Baht INR	8,000.00 13,213.60	32,707.21 54,022.49	62,666.50 103,506.26	62,666.50 103,506.26	– –	48,559.62 80,205.92	4,351.42 7,187.24	– –	4,351.42 7,187.24	1,360.00 2,246.31
3	Polyplex (Singapore) Pte. Ltd.	Singapore	Euro INR	91.45 6,219.43	54.40 3,699.70	145.88 9,921.17	145.88 9,921.17	– –	46.17 3,139.98	45.93 3,123.66	3.18 216.27	42.75 2,907.39	– –
4	Polyplex Europa Polyester Film Sanayi Ve Ticaret A.S	Turkey	Euro INR	88.30 6,005.20	1,057.60 71,926.42	1,299.35 88,367.62	1,299.35 88,367.62	– –	1,128.11 76,721.75	219.37 14,919.16	0.01 0.68	219.36 14,918.48	– –
5	Polyplex (Americas) Inc.	USA	US $ INR	54.25 2,763.76	23.08 1,175.81	282.04 14,368.50	282.04 14,368.50	– –	814.02 41,470.17	10.33 526.26	3.82 194.61	6.51 331.65	3.26 165.93
6	Polyplex Trading (Shenzhen) Company Ltd.*	China	YUAN INR	27.31 221.21	(2.24) (18.14)	57.43 465.18	57.43 465.18	– –	74.73 605.31	(3.08) (24.95)	– –	(3.08) (24.95)	– –
7	PAR LLC,	USA	US $ INR	22.00 1,120.79	(0.27) (13.76)	21.75 1,108.05	21.75 1,108.05	– –	– –	(0.27) (13.76)	– –	(0.27) (13.76)	– –
8	Polyplex America Holdings Inc.	USA	US $ INR	220.00 11,207.88	(0.25) (12.74)	221.75 11,297.03	221.75 11,297.03	– –	– –	(0.07) (3.57)	0.18 9.17	(0.25) (12.74)	– –
9	Polyplex USA LLC	USA	US $ INR	219.27 11,170.69	(4.53) (230.78)	243.99 12,430.05	243.99 12,430.05	– –	– –	(4.53) (230.78)	– –	(4.53) (230.78)	– –
10	Polyplex Resins Sanayi Ve Ticaret A.S	Turkey	Euro INR	85.30 5,801.18	(1.49) (101.33)	84.07 5,717.53	84.07 5,717.53	– –	– –	(1.49) (101.33)	– –	(1.49) (101.33)	– –

Note :

1 The financial statements of the subsidiary companies have been converted into Indian Rupees using the following exchange rates prevailing on March 31,2012 : US Dollar = Rs.50.9449, Thai Baht = Rs.1.6517, Euro = 68.0091 and Yuan = Rs.8.0999.

2 The Company will make available the financial statement/details upon request by any investor of the Company and its susidiaries interested in obtaining the same. The annual accounts of the subsidiary companies are also kept for inspection by any investor at the Registered Office/Head Office of the Company and its subsidiary companies between 10:00 a.m. and 1:00 p.m. on all working days.

3 * Financial Information is based on Unaudited Results.

REPORT ON CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges in India, the details of Corporate Governance and processes including compliances by the Company with the provisions of Clause 49 are as follows:

1. **Company's philosophy on Code of Governance :**

   The quintessential elements of Corporate Governance are fairness, transparency, accountability and responsibility. At Polyplex, the emphasis is on:

   a) Enhancement of Shareholder value.
   b) Protection of the interest of the public Shareholders.
   c) Long-term financial health of the Company.
   d) Providing customers with quality products and services at competitive prices.
   e) Environment friendly production methods.
   f) Providing for fair wage and safe working condition for employees and inviting inputs from employees in decision-making.
   g) Contribution to the socio-economic development of the local community.

2. **Board of Directors**

   a) **Composition :**

   The Board is well structured with an adequate blend of Executive and Non-Executive Directors. The Board consists of 9 Directors of which 2 are Executive Directors and 7 are Non-Executive Directors. All the Non-Executive Directors are Independent Directors except Shri Sanjiv Saraf and Shri Sanjiv Chadha who are from Promoters' Category. The Non-Executive Directors bring independent judgment in the Board's deliberations and decisions. The Chairman of the Company is a Non-Executive Director from the Promoters' Category.

   None of the Directors is related to any other Director of the Company.

   b) **Non-Executive Directors' compensation :**

   Non-Executive Directors of the Company are paid sitting fee @ Rs.20,000/- per meeting of the Board or any Committee thereof, in addition to reimbursement / provision of travelling / stay expenses as per Rules of the Company.

   c) **Board Meetings :**

   During the Financial Year 2011-12, Six Board Meetings were held on May 30, 2011, August 8, 2011, November 14, 2011, December 27, 2011, February 14, 2012 and March 1, 2012.

   Attendance of each director at the Board meetings and number of other Boards or Board Committees in which he is a member or Chairperson across various Companies is as follows:

Name of the Director	Category of Directorship	No. of Board Meetings Attended	Attendance at the last AGM	No. of Other Director-ships**	Other Committee Memberships***	
Sarvashri					Member	Chairman
Sanjiv Saraf (Chairman)	Promoter, Non-Independent Non-Executive	3 out of 6	No	6	2	1
Sanjiv Chadha	Promoter Non-independent Non-Executive	2 out of 6	No	Nil	Nil	Nil
Pranay Kothari Executive Director	Non-Independent, Executive	5 out of 6	No	5	2	1
S.G. Subrahmanyan* (Vice Chairman)	Independent, Non-Executive	1 out of 3	No	Nil	Nil	Nil
O.P. Mehra	Independent, Non-Executive	4 out of 6	No	2	1	Nil
B.K. Soni	Independent, Non-Executive	6 out of 6	No	1	Nil	Nil

Suresh I. Surana	Independent, Non-Executive	1 out of 6	No	2	Nil	Nil
Jitender Balakrishnan	Independent, Non-Executive	5 out of 6	No	14	5	1
Ranjit Singh Chief Operating Officer	Non-Independent, Executive	6 out of 6	No	Nil	Nil	Nil
Ravi Kumar (Nominee of IDBI Bank Ltd.)	Independent, Non-Executive	4 out of 6	No	1	Nil	Nil

* Shri S.G. Subrahmanyan due to his death ceased to be Director of the Company with effect from December 27, 2011.

** No. of Directorship/Membership held in other Companies excludes Directorship/Membership in Private Companies, Foreign Companies and Companies registered under Section 25 of the Companies Act, 1956.

*** For determining the membership of Committees only Audit Committee and Shareholders'/Investors' Grievance Committee have been considered.

None of the Directors of the Company is a member in more than 10 committees or acts as Chairman of more than 5 committees across all companies in which he is a director.

d) **Details of shares held by Directors in the Company are as follows :**

Sr. No.	Name of the Director	No. of shares held as on 31.03.2012
1.	Shri Sanjiv Saraf	46,138
2.	Shri Sanjiv Chadha	4,000
3.	Shri Suresh I. Surana	200

e) **Information placed before the Board includes :**

The Board is supplied with the necessary information as stipulated in Annexure IA of Clause 49 of the Listing Agreement, to the extent applicable

f) **Review of Compliance Report :**

Compliance Report signed by the Executive Director is placed before the Board at every Board Meeting.

g) **Code of Conduct :**

The Board of Directors of the Company has approved a 'Code of Conduct' for all Board members and Senior Management. The Code has been circulated to all the members of the Board and Senior Management and they have affirmed the compliance of the same. A copy of the Code of Conduct is also posted on the website of the Company viz. www.polyplex.com

A confirmation from the Executive Director/ Chief Executive Officer affirming Compliance of the Code of Conduct by the members of the Board/Senior Management forms part of this report.

3. **Finance Committee :**

(a) **Constitution :**

The Board has constituted a Finance Committee comprising of following Directors viz. Shri Sanjiv Saraf, Shri Pranay Kothari, Shri O.P. Mehra and Shri B.K. Soni to decide, inter-alia, financial matters of the Company viz of loans, working capital facilities, deployment surplus funds and other incidental matters. Shri Sanjiv Saraf is the Chairman of the Committee.

The Company Secretary of the Company acts as Secretary of the Finance Committee.

(b) **Meetings of the Finance Committee :**

During the Financial Year 2011-12, three meetings of the Finance Committee were held on May 30, 2011, November 14, 2011 and February 7, 2012.

Attendance of the Members at the Finance Committee Meetings was as follows:

Name of the Member	Meetings attended
Shri Sanjiv Saraf	1 out of 3
Shri Pranay Kothari	3 out of 3
Shri O. P. Mehra	1 out of 3
Shri B.K. Soni	3 out of 3

4. **Audit Committee :**

a) **Constitution :**

At the beginning of the Financial Year, the Audit Committee comprised of following Independent and Non-Executive Directors viz. Shri S.G. Subrahmanyan, Shri O.P. Mehra, Shri B.K. Soni, Shri Ravi Kumar and Dr. Suresh I. Surana. Shri S.G. Subrahmanyan was the Chairman of Audit Committee. Shri S.G. Subrahmanyan ceased to be the Member and Chairman of the Committee w.e.f. December 27, 2011 due to his demise. With effect from December 27, 2011, Audit Committee comprises of Shri O.P. Mehra, Shri B.K. Soni, Shri Ravi Kumar and Dr. Suresh I. Surana. Chairman of the Committee is elected by the Members present at the meeting. All the members of Audit Committee are financially literate within the meaning of Clause 49 of the Listing Agreement.

The Company Secretary of the Company acts as Secretary of the Audit Committee.

Statutory Auditor and Internal Auditor are invitees to Audit Committee meetings.

b) **Meetings of Audit Committee :**

During the Financial Year 2011-12, five meetings of Audit Committee were held on May 30, 2011, August 8, 2011, November 14, 2011 and February 14, 2012 and March 1, 2012.

Attendance of the Members at the Audit Committee Meetings was as follows :

Name of the Member	Meetings attended
Shri S.G. Subrahmanyan	1 out of 3
Shri B.K. Soni	5 out of 5
Shri O. P. Mehra	3 out of 5
Shri Ravi Kumar	4 out of 5
Dr. Suresh I. Surana	1 out of 5

c) **Power and Role of Audit Committee :**

The Powers and Role of the Audit Committee, constituted by Board of Directors pursuant to Clause 49 of the Listing Agreement with Stock Exchanges, include the following:

i. Powers :

(a) To investigate any activity within its terms of reference.

(b) To seek information from any employee.

(c) To obtain outside legal or other professional advice.

(d) To secure attendance of outsiders with relevant expertise, if it considers necessary.

ii. Role :

(a) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

(b) Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.

(c) Approval of payment to statutory auditors for any other services rendered by the statutory auditors.

(d) Reviewing, with the management, the annual Financial Statements before submission to the Board for approval, with particular reference to:

i. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of sub-section (2AA) of section 217 of the Companies Act, 1956.

ii. Changes, if any, in accounting policies and practices and reasons for the same.

iii. Major accounting entries involving estimates based on the exercise of judgment by management.

iv. Significant adjustments made in the financial statements arising out of audit findings.

v. Compliance with listing and other legal requirements relating to financial statements.

vi. Disclosure of any Related Party transactions.

vii. Qualifications in the draft audit report.

(e) Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.

(f) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.

(g) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.

(h) Discussion with internal auditors any significant findings and follow up there on.

(i) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.

(j) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.

(k) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.

(l) To review the functioning of the Whistle Blower mechanism, in case the same is existing.

(m) Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for the purpose other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or right issue, and making appropriate recommendations to the Board to take up steps in this matter.

(n) Approval of appointment of CFO (i.e., the Whole-Time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.

(o) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

d) Review of information by Audit Committee :

The Audit Committee mandatorily reviews the following information :

i. Management Discussion and Analysis of financial condition and results of operations;

ii. Statement of significant Related Party transactions (as defined by the Audit Committee), submitted by the Management;

iii. Management letters/letters of internal control weaknesses issued by the statutory auditors;

iv. Internal Audit Reports relating to internal control weaknesses;

v. The appointment, removal and terms of remuneration of the Chief Internal Auditor is subject to review by Audit Committee;

vi. Financial Statements and in particular the investments made by the unlisted subsidiaries of the Company; and

vii. Significant Related Party Transactions on quarterly basis.

5. Remuneration Committee and Remuneration to Directors :

a) Composition :

The Remuneration Committee comprised of three Independent and one Promoter Director, all of whom are Non-Executive Directors i.e. Shri Sanjiv Saraf, Shri S.G. Subrahmanyan (upto December 27, 2011), Shri O.P. Mehra and Shri B.K. Soni. Shri Sanjiv Saraf (from promoter category) is the Chairman of the Committee.

The remuneration committee has been constituted to recommend to the Board the remuneration for the Whole Time/ Executive Director(s) of the Company.

During the Financial Year 2011-12 three meetings of the Remuneration Committee were held on May 30, 2011, December 27, 2011 and March 1, 2012.

Attendance of the Members at the Remuneration Committee Meetings was as follows:

Name of the Member	Meetings attended
Shri Sanjiv Saraf	2 out of 3
Shri S. G. Subrahmanyan	Nil out of 1
Shri O. P. Mehra	3 out of 3
Shri B. K. Soni	3 out of 3

b) **Details of Remuneration and other terms of appointment of Directors:**

i. **Executive Director**

a. **Shri Pranay Kothari**

Shri Pranay Kothari was re-appointed as Whole-Time Director designated as Executive Director of the Company for a period of three years w.e.f. September 7, 2009. The details of the remuneration paid/ provided to Shri Pranay Kothari, Executive Director during the year 2011-12 are given below:

Salary and Allowances	Rs. 1,64,20,000
Perquisites and other	Rs. 8,12,949
Total	Rs. 1,72,32,949

Terms of appointment of Shri Pranay Kothari is for three years expiring on September 6, 2012 The appointment of Shri Pranay Kothari as Whole Time Director may be terminated by either party after giving to the other six calendar months notice in writing or salary in lieu thereof. No payment on account of severance fees has been stipulated.

No performance linked incentive has been paid to Shri Pranay Kothari during the year.

b. **Shri Ranjit Singh**

Shri Ranjit Singh was re-appointed as Whole Time Director designated as Chief Operating Officer of the Company for a period of three years w.e.f. July 13, 2010. The details of the remuneration paid/ provided to Shri Ranjit Singh, during the year 2011-12 are given below:

Salary and Allowances	Rs. 2,02,20,000
Perquisites and other	Rs. 7,41,361
Total	Rs. 2,09,61,361

Terms of appointment of Shri Ranjit Singh proposed by the Board of Directors is for three years expiring on July 12, 2013. The appointment of Shri Ranjit Singh as Whole Time Director may be terminated by either party after giving to the other six calendar months notice in writing or salary in lieu thereof. No payment on account of severance fees has been stipulated.

No performance linked incentive has been paid to Shri Ranjit Singh during the year

Both the Executive Directors are not liable to retire by rotation.

ii. **Non-Executive Directors**

Remuneration by way of Sitting Fees for attending meetings of the Board or any Committee(s) thereof are paid to Non-Executive directors. The details of payment of Sitting Fee to Non-Executive Directors during the year 2011-12 are given below:

Name of Non-Executive Director	**Sitting Fee (Rs.)**
Shri Sanjiv Saraf	1,20,000
Shri B.K. Soni	3,80,000
Shri O.P. Mehra	2,20,000
Shri S.G. Subrahmanyan	40,000
Shri Ravi Kumar*	1,60,000
Shri Sanjiv Chadha	40,000
Dr. Suresh I. Surana**	40,000
Shri Jitender Balakrishnan	1,00,000

All Non-Executive Directors except Shri Ravi Kumar, Nominee Director of IDBI

Bank Limited, are liable to retire by rotation.

* Sitting fee paid to nominating institution i.e. IDBI Bank Limited

** Amount aggregating to Rs.27,34,899/- was paid to firms in which Dr. Suresh I. Surana is a partner towards professional fee, including service tax and reimbursement of expenses.

In addition to payment of Sitting Fee, Board of Directors have approved the payment of Commission of Rs. 50 Lacs for the Financial Year 2011-12 to Shri Sanjiv Saraf, Chairman and Non Executive Director in terms of Special Resolution passed by the Shareholders in the Annual General Meeting held on September 25, 2010.

Shri Sanjiv Saraf during a part of the year 2011-12 was employed as General Manage & Chief Executive Officer with Polyplex (Asia) Pte Limited and has received remmuneration of USD 208,333 (Rs. 99.83 Lacs) from PAPL.

The Company has so far not issued any Stock options to any of the Directors.

6. Shareholders'/Investors' Grievance Committee :

a) Composition :

The Board has constituted Shareholders'/ Investors' Grievance Committee consisting of Shri Pranay Kothari, Executive Director, Shri Ranjit Singh, Whole-time Directors and Shri B.K. Soni, Non-Executive Director. The members of the Committee present elect the Chairman of the meeting. This Committee generally meets periodically.

The Committee, inter alia, looks into the Shareholders'/Investors' Grievances.

Shri A.K. Gurnani, Company Secretary is the Compliance Officer.

b) Meetings of Shareholders/Investors Grievance Committee :

During the Financial Year 2011-12, Nine such meetings were held on April 20, 2011, June 17, 2011, July 4, 2011, August 11, 2011, September 27, 2011, October 24, 2011, November 14, 2011, January 11, 2012 and January 31, 2012.

Attendance of the Members at the Shareholders'/Investors' Grievance Committee Meetings was as follows:

Name of the Member	Meetings attended
Shri Pranay Kothari	8 out of 9
Shri Ranjit Singh	8 out of 9
Shri B.K. Soni	2 out of 9

c) Investor Grievance Redressal :

Complaints received from Investors/ shareholders are promptly attended to.

Status of complaints received, resolved and pending during the Financial Year is as follows:

Opening	:	Nil	Received	:	13
Resolved	:	13	Pending	:	Nil

As on March 31, 2012, no request for registration of transfer of shares / dematerialization was pending.

7. Subsidiary Monitoring Framework :

All the subsidiary companies of the Company are Board managed. As a majority shareholder, the Company reviews and monitors the performances of its subsidiaries by way of :

(a) Approving, in principal, their capital expenditure, business expansion plans;

(b) Reviewing their operations vis a vis budgets, cash flows and Balance Sheets;

(c) Reviewing all significant/ material transactions and arrangements;

(d) Minutes / significant resolutions are placed before the Company's Board.

8. General Body Meetings :

(i) The details about the last three Annual General Meetings are given below:

AGM	Financial Year	Date of Meeting	Location of the Meeting	Time
26th	2010-11*	28.09.2011	Registered Office at Khatima	10.00 a.m.
25th	2009-10	25.09.2010	Registered Office at Khatima	10.00 a.m.
24th	2008-09	30.09.2009	Registered Office at Khatima	10.00 a.m.

* Chairman of the Audit Committee could not attend the Annual General Meeting.

During the Financial Year 2011-12, No Extra Ordinary General Meeting was held.

(ii) Special Resolutions passed in the previous three Annual General Meetings :

Financial Year/Date	Subject
2010-11/28.09.2011	Nil
2009-10/25.09.2010	Payment of Commission to Shri Sanjiv Saraf, Chairman & Non-Executive Director.
2008-09/30.9.2009	Nil

(iii) There was no Special Resolution which was required to be passed by postal ballot. No Special Resolution is proposed to be passed at the ensuing Annual General Meeting, by postal ballot.

9. Disclosures :

(a) During the year, there were no transactions of material nature with the related parties that had potential conflict with the interest of the Company at large.

(b) There were no instances of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets, during the last three years.

(c) The Company has not yet formulated Whistle Blower Policy. No employee of the Company has been denied access to the Audit Committee to make any representation.

(d) Company has complied with the mandatory requirements of Clause 49 and as regards non-mandatory requirements these would be adopted in due course of time.

(e) The Company has established a comprehensive Enterprise Risk Management (ERM) Policy that includes risk identification, risk assessment, risk mitigation and monitoring on a periodic basis. External and internal risk factors that could potentially affect performance of the Company vis-a-vis stated objectives are identified and reported in the business review meetings periodically. These are subsequently reported to the Board.

(f) This Annual Report has a detailed section on Management Discussion and Analysis.

(g) As required by Clause 49 IV(G)(i) particulars of directors seeking re-appointment are given in the Notice of the Annual General Meeting to be held on September 28, 2012.

10. CEO/CFO Certification :

As required by the revised Clause 49 of the Listing Agreement, the Certificate from Shri Pranay Kothari, Executive Director and Shri Manish Gupta, Chief Financial Officer was placed before the Board of Directors at their meeting held on May 29, 2012.

11. Means of Communication :

(a) Quarterly results/returns and official news releases are furnished to Stock Exchanges and are also put on the Company's Website www.polyplex.com .

(b) The quarterly and half yearly results are generally published in the 'The Economic Times' and 'Uttar Ujala Nainital'.

(c) Management Discussion and Analysis forms part of the Annual Report, which is posted to the shareholders of the Company.

Declaration by the CEO under Clause 49 I (D) of the Listing Agreement regarding adherence to the Code of Conduct.

I hereby confirm that:

The Company has obtained affirmations from all the members of the Board and Senior Management that they have complied with the Code of Conduct for Directors and Senior Management for the Financial Year 2011-12.

Place : NOIDA
Date : August 14, 2012

Pranay Kothari
Executive Director

GENERAL SHAREHOLDERS INFORMATION

1.	**Annual General Meeting Date & Time :**	September 28, 2012 at 10.00 a.m. at the Registered Office at : Lohia Head Road, Khatima-262 308 Distt. Udham Singh Nagar, Uttarakhand
2.	**Financial Year :**	April 1, 2011 to March 31, 2012
3.	**Book Closure Date :**	September 22, 2012 to September 28, 2012 (both days inclusive)
4.	**Dividend Payment Date :**	Within 15 days from declaration by the shareholders in the Annual General Meeting.

5. **Listing on Stock Exchanges :**

Equity Shares of the Company are listed on following Stock Exchanges :

BSE Limited (BSE),
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400 001

National Stock Exchange of India Limited (NSE),
Exchange Plaza, Plot No. C/1, G Block,
Bandra Kurla Complex,
Mumbai – 400 051

Listing Fees for the Financial Year 2012-13 has been paid to above Stock Exchanges.

6. **Scrip Code :**

The Company's equity shares have been allotted following scrip codes :-

BSE Limited	**SCRIP CODE 524051**
National Stock Exchange of India Limited	**POLYPLEX**
Reuters Code	**PLYP.BO**
NSDL/CDSL – ISIN	**INE633B01018**

7. **Stock Market Data :**

Share prices on BSE and NSE during 2011-12 were as follows:

Months	BSE			NSE		
	High Price Rs.	**Low Price Rs.**	**Volume Nos.**	**High Price Rs.**	**Low Price Rs.**	**Volume Nos.**
April 2011	**270.55**	206.10	34,04,113	**270.80**	206.00	60,02,311
May 2011	224.95	189.35	22,05,867	225.35	188.00	41,71,105
June 2011	220.00	169.00	15,48,718	220.00	168.55	29,75,743
July 2011	206.40	184.80	8,42,569	206.95	184.50	17,06,879
August 2011	199.00	170.15	8,17,650	199.00	170.10	18,03,195
September 2011	210.70	172.50	7,59,140	210.70	170.10	14,14,121
October 2011	191.45	163.35	6,31,487	191.45	163.20	11,89,302
November 2011	188.50	162.00	2,82,127	188.70	162.20	61,60,77
December 2011	183.00	**150.35**	2,83,490	183.70	**150.00**	6,33,772
January 2012	200.80	153.60	7,65,768	194.00	153.20	15,30,396
February 2012	204.40	172.00	9,75,756	204.70	170.00	22,80,799
March 2012	196.80	173.00	5,01,625	196.85	172.00	11,38,825
Total			**1,30,18,310**			**25,462,525**

Source: www.bseindia.com and www.nseindia.com

8. **Registrars and Share Transfer Agents**:

MCS Ltd.,
F–65, Okhla Industrial Area,
Phase I, New Delhi 110020
Phone: (011) 41406149, Fax: (011) 41709881
E-mail: admin@mcsdel.com

9. **Share Transfer System:**

All complete and valid requests for transfer of shares are approved by Share Transfer Committee of Senior Executives and given effect to within the time stipulated in the Listing Agreement.

10. **Distribution of shareholdings as on 31.03.2012** :

Share holding in Number of Shares	Number of Shareholders	% of total Shareholders	Nominal Amount (in Rs.)	% of Total Nominal Amount
1 to 500	19064	89.18	2,32,83,630	7.28
501 to 1000	1128	5.28	89,00,430	2.78
1001 to 2000	571	2.67	89,01,390	2.78
2001 to 3000	179	0.84	44,91,790	1.41
3001 to 4000	117	0.55	43,26,900	1.35
4001 to 5000	68	0.32	31,52,010	0.99
5001 to 10000	119	0.55	88,95,670	2.78
10001 & above	131	0.61	25,78,94,180	80.63
Total	21377	100.00	31,98,46,000	100.00

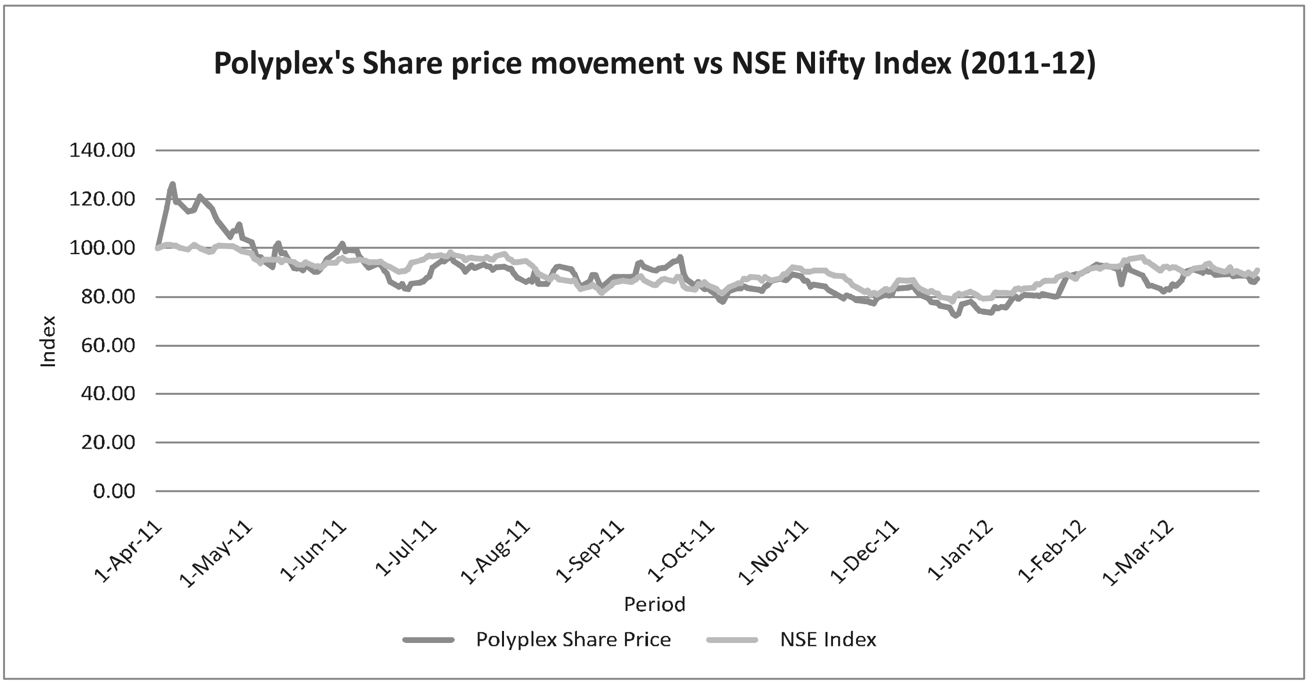
11. **Categories of shareholders as on 31.03.2012 :**

	Category	Shares held (Nos.)	Percentage holding
	Promoters		
a)	Indian Promoters	18,02,262	5.63
b)	Foreign Promoters	1,32,08,272	41.30
	Sub-Total	**15,010,534**	**46.93**
	Non-Promoters		
a)	Mutual Funds and UTI	27,54,692	8.61
b)	Banks, Financial Institutions, Insurance Companies	9360	0.03
c)	Foreign Institutional Investors (FIIs)	14,33,553	4.48
d)	Bodies Corporates	23,80,250	7.44
e)	NRIs/OCBs	34,64,025	10.83
f)	Indian Public	69,32,186	21.68
	Sub-Total	**1,69,74,066**	**53.07**
	Grand Total	**3,19,84,600**	**100.00**

Note: Total Foreign shareholding as at March 31, 2012 was 1,81,05,850 shares constituting 56.60%.

Above shareholding is as per shares held in physical form and details of Beneficial Owners received from NSDL and CDSL.

12. **Stock Performance of the Company in comparison to NSE Nifty :**



13. **Dematerialisation of shares and liquidity :**

Shares of the Company are available for dematerialisation and are being traded in dematerialised form by all investors w.e.f. April 30, 2001. Shareholders of the Company are advised to avail the facility of electronic shares through dematerialisation of physical scrips by opening an account with any of the recognized Depository Participants.

Status of Dematerialisation as on March 31, 2012.

Particulars	**No. of Shares**	**% of Total Capital**	**No. of Accounts**
National Securities Depository Limited	2,89,33,224	90.46	13,092
Central Depository Services (India) Limited	24,24,754	7.58	6,406
Total Dematerialised	***3,13,57,978***	***98.04***	***19,498***
Physical	6,26,622	1.96	1,879
Grand Total	**3,19,84,600**	**100.00**	**21,377**

The Company has not issued GDRs and there are no convertible bonds outstanding as at the year-end.

14. As required by Clause 5A.II of the Listing Agreement, Company has opened a demat account with a Depository Participant in the name of 'Polyplex Corporation Limited - Unclaimed Suspense Account' to which all the unclaimed shares have been transferred in terms of the requirements of the said Clause. Details of sharesholders/ shares dematerialized in the said account are as follows :

Particulars	**Number of Shareholders**	**Number of Shares**
Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the time of opening of account.	362	62900
Number of shareholders who approached the Company for transfer of shares from the Unclaimed Suspense Account during the year	Nil	Nil
Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account during the year	Nil	Nil
Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the end of the year.	362	62900

Voting rights in respect of above shares shall remain frozen till the rightful owner claims the shares

15. **Plant Locations :**

The Company's Polyester Chips and Polyester/BOPP Coated Film manufacturing facility are located at :

Lohia Head Road,
Village Amau,
Khatima 262 308,
Distt. Udham Singh Nagar,
Uttarakhand

and

Plot No.227 MI 228 MI,
Banna Khera Road,
Village Vikrampur,
Tehsil Bajpur,
Distt. Udham Singh Nagar,
Uttarakhand

16. Investor Correspondence :

For any assistance regarding share transfers, transmissions, issue of duplicate share certificate(s), change of address, non-receipt of dividend, issue of duplicate dividend warrants, dematerialisation of shares etc., please contact / write to: -

Shares Department
Polyplex Corporation Limited
Lohia Head Road,
Khatima 262 308,
Distt. Udham Singh Nagar,
Uttarakhand

Phone: (05943) 250136
Fax : (05943) 250281
Email: investorrelations@polyplex.com

or

Shares Department,
Polyplex Corporation Limited
B-37, Sector –1,
NOIDA 201 301,
Gautam Budh Nagar,
Uttar Pradesh

Phone: (0120) 2443716 to 19
Fax : (0120) 2443724

AUDITORS' CERTIFICATE

TO THE MEMBERS OF
POLYPLEX CORPORATION LIMITED

We have examined the compliance of conditions of Corporate Governance by Polyplex Corporation Limited, for the year ended 31st March, 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company, with the Stock Exchanges in India.

The compliance of condition of Corporate Governance is the responsibility of the Management. Our examination was limited to a review of procedure and implementation thereof, adopted by the Company for ensuring the compliance of the condition of Corporate Governance. It is neither an audit nor an expression of opinion on the Financial Statements of the Company.

On the basis of our review and according to the information and explanation given to us, the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges have been complied with in all material respect by the Company read with Note No. 8(i) regarding attendance in Anual General Meeting.

We 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.

For **Lodha & Co.,**
Chartered Accountants
(Firm Regn. No. 301051E)

N.K. LODHA
Partner
M.No. 85155

Place : New Delhi
Date : August 14, 2012

AUDITORS' REPORT

TO THE MEMBERS OF POLYPLEX CORPORATION LIMITED

We have audited the attached Balance Sheet of Polyplex Corporation Limited as at 31st March, 2012, the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date annexed thereto. These Financial Statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these Financial Statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall Financial Statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We report that-

1. As required by the Companies (Auditor's Report) Order, 2003 (as amended) ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 (the Act), we enclose in the Annexure, a Statement on the matters specified in paragraphs 4 and 5 of the said Order.

2. Further to our comments in the Annexure referred to in Paragraph 1 above, we report that:

a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the 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 appears from our examination of those books;

c) The Balance Sheet, Statement of Profit & Loss and Cash Flow Statement referred to in this report are in agreement with the books of account;

d) In our opinion, read with Note No. 26 K(III) regarding capitalization of Foreign Derivative loss incurred in relation to import of capital goods, the Balance Sheet, Statement of Profit & Loss and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;

e) According to the information and explanation given to us none of the directors as on 31st March 2012 is disqualified from being appointed as director under section 274(1)(g) of the Companies Act, 1956.

In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with significant accounting policies, Notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :

i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;

ii) in the case of the Statement of Profit & Loss, of the profit for the year ended on that date; and

iii) in the case of Cash Flow Statement, of the Cash Flows for the year ended on that date.

For **Lodha & Co.,**
Chartered Accountants
(Firm Regn. No. 301051E)

N.K. Lodha
Partner
Membership No. 85155

Place : New Delhi
Date : May 29, 2012

ANNEXURE TO THE AUDITORS' REPORT
(Referred to in paragraph (1) of our Report of even date of Polyplex Corporation Limited for the year ended 31st March 2012)

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.

(b) We have been informed by the Management that Fixed Assets have been physically verified by the Management during the year according to the regular programme of periodical verification in phased manner which in our opinion is reasonable having regard to the size of the Company and the nature of its Fixed Assets. According to the information and explanations given to us, discrepancies noticed on such physical verification were not material.

(c) As per the records, information and explanations given to us, no substantial part of Fixed Assets has been disposed off during the year and therefore does not affect the going concern assumption.

2. (a) We have been explained by the Management that the Inventory of the Company at all its locations (except stocks lying with third parties/in transit) have been physically verified by the Management at reasonable intervals.

(b) In our opinion and according to information and explanations given to us, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and nature of its business.

(c) In our opinion and according to information and explanations given to us, the Company is maintaining proper records of inventory and the discrepancies noticed on physical verification of inventory as compared to book records were not material.

3. (a) As informed to us, the Company has granted unsecured loan to a Company covered in the Register maintained under Section 301 of the Act. The maximum amount involved during the year in respect of said Company/ Person is Rs.1008.83 Lacs and the year end balance of such loan is Rs 1000 Lacs.

(b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms & conditions on which aforesaid loan has been given are not, prima facie, prejudicial to the interest of the Company.

(c) In respect of aforesaid loan, the receipt of principal amount and interest is regular.

(d) The recovery of principal amount and interest during the year is as stipulated.

(e) As informed to us, the Company has not taken any loan, secured or unsecured from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii) (f) and (g) of the Order are not applicable to the Company.

4. In our opinion and according to the information and explanations given to us, having regard to the explanation that some of the items purchased are of specialised nature, taking into consideration the quality, usage and such other factors, comparative sources/quotations are not available, the Company has internal control systems commensurate with the size of the Company and nature of its business (read with Note No. 26E) for the purchases of inventory, fixed assets and for the sale of goods and services which needs to be further strengthened. Further, on the basis of examination of the books and records of the Company and according to the information and explanations given to us and as per the checking carried out in accordance with the auditing standards generally accepted in India, neither we have observed nor we have been informed of any continuing failure to correct major weaknesses in internal control system.

5. (a) In our opinion and according to the information and explanations given to us, the particulars of contract or arrangement that need to be entered into the Register maintained under Section 301 of the Act have been so entered.

(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements entered into the Register maintained under Section 301 of the Act and exceeding the value of Rupees Five Lacs in respect of each party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

6. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Section 58A and 58AA or any other relevant provisions of the Act and Rules framed thereunder. We have been informed that no order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal in this regard.

7. In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.

8. The Central Government has prescribed maintenance of cost records under Section 209(1)(d) of the Act. On the basis of the records produced and broadly reviewed by us, we are of the opinion that, prima facie, the prescribed records have been made and maintained. However, we are not required to and have not carried out any detailed examination of the said records, with a view to determine whether they are accurate or complete.

9. (a) In our opinion and according to the information and explanations given to us, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and any other statutory dues have generally been deposited in time during the year with the

appropriate authorities and there are no undisputed statutory dues payable for a period of more than six months from the date they became payable as at 31st March 2012.

(b) In our opinion and according to the information & explanations given to us, there are no dues in respect of Wealth Tax, Service Tax and Cess that have not been deposited with appropiate authoroity on account of any dispute and the dues in respect of Sales Tax, Customs Duty, Excise Duty, and Income Tax that have not been deposited with the appropriate authorities on account of dispute and the forum where the dispute is pending are given below:

Name of the Statute	Nature of dues	Period to which the Amount Relates	Amount (Rs. in Lacs)	Forum where disputes are pending
U.P. Tax on Entry of Goods Act	Entry Tax	2001-02	0.61	Tribunal
Sales Tax Act	Sales Tax	1996-97	18.40	High Court
		1997-98	28.55	Deputy Commissioner (Appeals)
		1998-99	29.05	Deputy Commissioner (Appeals)
		2002-03	2.60	Tribunal
		2004-05	35.80	Deputy Commissioner (Assessment)
		2006-07	0.70	Joint Commissioner (Appeals)
		2006-07	63.04	Deputy Commissioner (Appeals)
		2008-09	1.28	Tribunal
		2010-11	7.00	Joint Commissioner
Central Excise Act, 1944	Excise Duty and Penalty	2009-10	19.91	Additional Commissioner

10. The Company does not have accumulated losses as at the end of the Financial Year and has not incurred cash losses in the current Financial Year and in the immediately preceding Financial Year.

11. In our opinion, on the basis of audit procedures and according to the information and explanations given to us, the Company has not defaulted in repayment of any dues to financial institutions or banks or debenture holders.

12. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

13. The Company is not a chit fund or a nidhi / mutual benefit fund / society, therefore, the clause 4 (xiii) of the Order is not applicable to the Company.

14. According to the information and explanations given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments.

15. In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions.

16. In our opinion and on the basis of information and explanations given to us, the term loans were applied for the purposes for which the loans were obtained.

17. On the basis of information and explanations given to us and on an overall examination of the Balance Sheet of the Company, no funds raised on short-term basis have been used for long-term investment.

18. The Company has not made any preferential allotment of shares to parties or companies covered in the Register maintained under Section 301 of the Companies Act, 1956.

19. The Company has not issued any debentures.

20. The Company has not raised any money through a public issue during the year.

21. Based upon the audit procedures performed in accordance with accepted auditing practices in India, we have neither come across any instance of fraud on or by the Company, noticed or reported, during the year nor we have been informed of such case by the Management.

For **Lodha & Co.,**
Chartered Accountants
(Firm Regn. No. 301051E)

N.K. Lodha
Partner
Membership No. 85155

Place : New Delhi
Date : May 29, 2012

BALANCE SHEET AS AT MARCH 31, 2012

		NOTE	As at March 31, 2012 (Rs. in Lacs)	As at March 31, 2011 (Rs. in Lacs)
I	**EQUITY AND LIABILITIES**			
	Shareholders' Funds			
	Share Capital	2	3,256.32	3,256.32
	Reserves and Surplus	3	34,742.53	28,570.03
	Non-Current Liabilities			
	Long Term Borrowings	4	26,673.43	26,505.08
	Deferred Tax Liability (Net)	5	1,280.39	4,281.50
	Long Term Provisions	6	58.28	49.53
	Current Liabilities			
	Short Term Borrowings	7	6,263.20	9,905.16
	Trade Payables		1,444.45	3,419.24
	Other Current Liabilities	8	13,516.49	11,535.70
	Short Term Provisions	9	1,500.77	2,610.78
		TOTAL	88,735.86	90,133.34
II	**ASSETS**			
	Non-Current Assets			
	Fixed Assets			
	Tangible Assets	10	57,954.38	57,844.96
	Intangible Assets	10	40.18	98.66
	Capital Work-in-Progress		212.24	1,367.51
	Non-Current Investments	11	1,998.47	2,005.85
	Long Term Loans and Advances	12	675.93	1,708.59
	Current Assets			
	Current Investments	13	1,880.00	410.00
	Inventories	14	11,467.76	13,823.26
	Trade Receivables	15	3,943.53	7,656.19
	Cash & Bank Balances	16	5,576.48	758.27
	Short Term Loans and Advances	17	4,880.80	4,402.40
	Other Current Assets	18	106.09	57.65
		TOTAL	88,735.86	90,133.34
	Significant Accounting Policies and other explanatory notes are Integral part of Financial Statements	1, 26		

As per our report of even date attached
For **Lodha & Co.,**
Chartered Accountants
(Firm Regn. No : 301051E)

N. K. Lodha
Partner
Membership No. 85155

Place : New Delhi
Date : May 29, 2012

Manish Gupta
Chief Financial Officer

A.K. Gurnani
Company Secretary

Sanjiv Saraf
Chairman

Ranjit Singh
Whole-Time Director

Jitender Balakrishnan
O.P. Mehra
B.K. Soni
Suresh I. Surana
Directors

Place : NOIDA
Date : May 29, 2012

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED ON MARCH 31, 2012

		NOTE	CURRENT YEAR (Rs. in Lacs)	PREVIOUS YEAR (Rs. in Lacs)
I	**Revenue from Operations**	19	89,719.56	94,533.58
II	**Other Income**	20	14,999.98	4,186.48
III	**Total Revenue (I + II)**		104,719.54	98,720.06
IV	**Expenses**			
	Cost of Material Consumed	21	60,048.98	48,721.19
	Purchases of Stock-in-Trade		24.89	907.78
	Changes in Inventory	22	2,636.54	(4,218.25)
	Employee Benefits Expense	23	4,269.02	4,700.25
	Finance Costs	24	3,250.75	3,529.91
	Depreciation & Amortisation		7,369.85	3,221.42
	Other Expenses	25	14,965.95	16,737.84
	Total Expenses		92,565.98	73,600.14
V	**Profit before Exceptional Items and Tax (III–IV)**		12,153.56	25,119.92
VI	**Exceptional Items (Refer Note No: 26 I)**		7,078.80	—
VII	**Profit before Tax (V - VI)**		5,074.76	25,119.92
VIII	**Tax Expense**			
	Current Tax - MAT		668.49	6,175.10
	MAT Credit Entitlement		(232.09)	—
	Deferred Tax		(3,001.09)	1,330.71
	Prior Period Adjustment - Tax		40.02	(39.11)
	Total		(2,524.67)	7,466.70
IX	**Profit After Tax for the Year (VII–VIII)**		7,599.43	17,653.22
X	**Earnings Per Share (in Rupees)**			
	– Basic		23.76	55.19
	– Diluted		23.76	55.19
	Significant Accounting Policies and other explanatory notes are integral part of Financial Statements	1,26		

As per our report of even date attached
For **Lodha & Co.,**
Chartered Accountants
(Firm Regn. No : 301051E)

N. K. Lodha
Partner
Membership No. 85155

Place : New Delhi
Date : May 29, 2012

Manish Gupta
Chief Financial Officer

A.K. Gurnani
Company Secretary

Sanjiv Saraf
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Whole-Time Director

Jitender Balakrishnan
O.P. Mehra
B.K. Soni
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Directors

Place : NOIDA
Date : May 29, 2012

CASH FLOW STATEMENT
FOR THE YEAR ENDED MARCH 31, 2012

		2011-12 (Rs. in Lacs)		2010-11 (Rs. in Lacs)	
A.	**CASH FLOW FROM OPERATING ACTIVITIES :**				
	Net Profit Before Tax		**5,074.76**		25,119.92
	Adjusted for :				
	Depreciation	**7,369.85**		3,221.42	
	Provision for Doubtful Debtors/Bad Debts written off	—		23.33	
	Interest Expense	**2,678.22**		3,529.91	
	Foreign Currency Monetary Item Translation Difference	—		18.12	
	Unrealised Foreign Exchange (Gain) / Loss	**3,156.46**		(104.93)	
	Excess Provision / Sundry Balances written back (Net)	**(562.85)**		(99.20)	
	Loss / (Gain) on Sale of Fixed Assets (Net)	**1.07**		13.83	
	Asset written off	**48.14**		190.11	
	Profit on Sale of Investments	**(128.47)**		(65.17)	
	Interest Received	**(71.98)**		(117.96)	
	Dividend Received	**(13,971.28)**	**(1,480.84)**	(3,537.72)	3,071.75
	Operating Profit before Working Capital changes		**3,593.92**		28,191.67
	Adjusted for :				
	Trade and Other Receivables	**4,311.52**		(7,086.34)	
	Inventories	**2,355.49**		(7,822.97)	
	Trade Payables	**(1,082.27)**	**5,584.74**	2,800.65	(12,108.65)
	Cash Generated from Operations		**9,178.67**		16,083.03
	Taxes Paid		**(726.18)**		(5,945.71)
	Cash Flow before Exceptional Items		**8,452.49**		10,137.32
	Exceptional Items		**7,078.80**		—
	Net Cash from Operating Activities		**15,531.29**		10,137.32
B.	**CASH FLOW FROM INVESTING ACTIVITIES :**				
	Purchase of Fixed Assets (Including Capital Advances)	**(14,881.82)**		(2,990.49)	
	Sale of Fixed Assets	**54.90**		85.36	
	Inter Corporate Deposits	**(1,000.00)**		—	
	Purchase of Short Term Investments	**(188,904.01)**		(131,757.00)	
	Sale/Redemption of Long Term Investments	**7.38**		—	
	Sale of Short Term Investments	**187,562.48**		131,412.17	
	Interest/Dividend Received	**14,023.20**		3,642.21	
	Net Cash used in Investing Activities		**(3,137.87)**		392.24

	2011-12 (Rs. in Lacs)		2010-11 (Rs. in Lacs)	
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from Long Term Borrowings	**(8,501.01)**		1,084.27	
Repayment of Long Term Borrowings	**10,277.85**		(10,918.22)	
Net Proceeds from Short Term Borrowings	**(4,192.88)**		5,139.57	
Interest paid	**(2,628.70)**		(3,528.00)	
Dividends paid	**(2,227.26)**		(2,221.63)	
Tax on Distributed Profits	**(363.21)**		(371.86)	
Subsidy Received from Central Government	**60.00**		—	
Net Cash used in Financing Activities		**(7,575.21)**		(10,815.85)
Net Increase in Cash and Cash Equivalents		**4,818.21**		(286.29)
Cash and Cash Equivalents at the beginning of the year	**556.64**		957.70	
Other Bank Balances at the beginning of the year	**201.63**		86.86	
Total Cash and Bank Balances at the beginning of the year		**758.27**		1,044.56
Cash and Cash Equivalents at the end of the year	**5,409.34**		556.64	
Other Bank Balances at the end of the year	**167.14**		201.63	
Total Cash and Bank Balances at the end of the year		**5,576.48**		758.27

NOTE : Previous Year figures are regrouped wherever necessary.

As per our report of even date attached
For **Lodha & Co.,**
Chartered Accountants
(Firm Regn. No : 301051E)

N. K. Lodha
Partner
Membership No. 85155

Manish Gupta
Chief Financial Officer

Sanjiv Saraf
Chairman

Jitender Balakrishnan
O.P. Mehra
B.K. Soni
Suresh I. Surana
Directors

Place : New Delhi
Date : May 29, 2012

A.K. Gurnani
Company Secretary

Ranjit Singh
Whole-Time Director

Place : NOIDA
Date : May 29, 2012

NOTE 1

SIGNIFICANT ACCOUNTING POLICIES

(a) **Basis of Accounting**

The Company follows the mercantile system of accounting and recognises Income and Expenditure on accrual basis. Insurance/Other Claims are recognised only when it is reasonably certain that the ultimate collection will be made. The accounts are prepared under the historical cost convention, in accordance with applicable Accounting Standards and Generally Accepted Accounting Principles.

(b) **Fixed Assets/Capital Work-in-Progress**

I. Fixed Assets are stated at cost of acquisition less accumulated depreciation and impairment loss, if any. All realized and unrealized gains and losses on foreign exchange contracts including rollover premium which are attributable to fixed assets are capitalized.

II. Expenditure during construction/erection period is included under capital work-in-progress and are allocated to the respective fixed assets on completion of construction/erection.

(c) **Intangible Assets**

Intangible Assets are being recognised if the future economic benefits attributable to the assets are expected to flow to the Company and the cost of the asset can be measured reliably.

(d) **Borrowing Costs**

Borrowing costs attributable to acquisition/construction of qualifying assets are capitalised with the respective assets, till the date of commercial use of the assets and other borrowing costs are charged to the Profit and Loss Statement.

(e) **Investments**

Long-term investments are stated at cost less provision for permanent diminution in the value of such investments. Current investments are stated at lower of cost and net realisable value.

(f) **Depreciation/Amortisation**

Depreciation on fixed assets at manufacturing plant at Khatima and Bajpur is provided on Written Down Value Method (WDV) at the rates prescribed in Schedule XIV to the Companies Act, 1956.

Depreciation on Fixed Assets at Corporate Office at NOIDA is provided on Straight Line Method (SLM) at the rates prescribed in Schedule XIV to the Companies Act, 1956. Leasehold land is amortised over the period of lease. Plant & Machinery pertaining to the Plastic Film Lines at Khatima and Bajpur and Polyester Resin Plant at Bajpur has been considered as continuous process as per technical assessment.

Intangible assets are amortised over the period of its useful life on Written Down Value (WDV) Method basis.

(g) **Foreign Currency Transactions**

Foreign currency transactions are accounted at exchange rate on the date of transaction.

Monetary assets and liabilities relating to foreign currency transactions are stated at exchange rate prevailing at the end of the year and exchange difference in respect thereof is charged to Profit and Loss Statement except foreign exchange gain/loss on reporting of long-term foreign currency monetary items for depreciable assets are capitalized and exchange difference on other long-term foreign currency monetary items are accumulated in "Foreign Currency Monetary Item Translation Difference Account" and are amortized over the remaining period of loan or period upto March, 2012 whichever is earlier.

Gains/Losses on foreign exchange derivative contracts like structured options, forward and swap to hedge interest rate risk and foreign currency risk (including on cancellation) are recognised in the Profit and Loss Statement except those which are attributable to fixed assets which are treated (including gain / loss on rollover charges) cost of the assets.

Investment in equity shares of foreign subsidiary companies are stated at the exchange rate prevailing on the transaction date. Unrealised Gain/Loss relating to translation of net investment in form of monetary items in non integral operations are recognised in the Foreign Currency Translation Reserves.

(h) Inventories

Inventories are valued as follows: -

(i)	Raw Materials and Stores & Spares:	At lower of Cost and Net Realisable Value.
(ii)	Stock in Process and Finished Goods:	At lower of Cost and Net Realisable Value.

Cost for the purpose of valuation has been determined as under: -

(i)	Raw Material and Stores & Spares:	Weighted Average Cost.
(ii)	Stock in Process and Finished Goods:	At Raw Material Cost, Labour and related overheads.

Finished Goods are including administrative overheads and depreciation.

(i) Retirement Benefits

Company's contribution to Provident Funds and Superannuation Fund are charged to Profit & Loss Statement. Leave encashment benefit is provided on actuarial valuation basis. Gratuity is accrued on actuarial valuation basis and funded through a Trust for which a Policy with Life Insurance Corporation of India has been taken.

(j) Government Grants

Grants relating to Fixed Assets are shown as deduction from the gross value of the Fixed Assets and those of the nature of Project Capital subsidy are credited to Capital Reserve. Other Government grants are credited to Profit and Loss Statement or deducted from the related expenses.

(k) Provision for Tax

Current tax is determined as the amount of tax payable in respect of estimated taxable income for the year and in accordance with the provisions of the Income Tax Act, 1961. Deferred tax is recognised using the enacted/subsequently enacted tax rates and laws as on the Balance Sheet date, subject to the consideration of virtual/reasonable certainty of realisation in respect of deferred tax assets, on all timing differences, between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

(l) Leases

Assets acquired under finance lease, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the lower of the fair value and the present value of the minimum lease payments at the inception of the lease term and are disclosed in the Fixed Assets. Lease payments are apportioned between the finance charges and the reduction of lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Lease arrangement where the risks and rewards are incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Profit and Loss Statement.

(m) Impairment

The carrying amount of the Company's assets, are reviewed at each Balance Sheet date to determine whether there is any indication of impairment of asset.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is greater of Net selling price and value in use.

Post impairment, depreciation is provided on the revised carrying value of the assets over the remaining useful life of asset. Reversal of Impairment loss recognised in prior periods is recorded when there is an indication that the impairment losses recognised from the assets no longer exists or have deceased.

(n) Provisions, Contingent Liabilities and Contingent Assets

A provision is made/recognised, based on the Management estimate required to settle the obligation at Balance Sheet date, when the Company has a present obligation as a result of past event and it is possible that an outflow embodying economic benefit will be required to settle the obligation. Contingent liabilities, if material, are disclosed by way of Notes. Contingent assets are not recognised or disclosed in the Financial Statement.

NOTE 2

SHARE CAPITAL

	As at March 31, 2012 (Rs. in Lacs)	As at March 31, 2011 (Rs. in Lacs)
AUTHORISED		
3,40,00,000 (Previous Year – 3,40,00,000) Equity Shares of Rs.10 each	3,400.00	3,400.00
ISSUED AND SUBSCRIBED		
3,31,80,300 (Previous Year – 3,31,80,300) Equity Shares of Rs.10 each	3,318.03	3,318.03
PAID-UP		
3,19,84,600 (Previous Year – 3,19,84,600) Equity Shares of Rs.10 each	3,198.46	3,198.46
Add: Forefeited Shares (Amount originally paid up)	57.86	57.86
TOTAL	3,256.32	3,256.32

RECONCILIATION OF NUMBER OF SHARES

	No. of Shares	No. of Shares
Shares outstanding as at the beginning of the year	31,984,600	15,992,300
Additions during the year (Bonus Shares)	—	15,992,300
Shares outstanding as at the end of the year	31,984,600	31,984,600

SHAREHOLDERS HOLDING MORE THAN 5% SHARES

	As at March 31, 2012 No. of Shares	As at March 31, 2011 No. of Shares
Mahalaxmi Trading & Investment Company Limited	7,622,390	7,622,390
Secure Investments Limited	5,535,744	5,535,744
ICICI Prudential (Tax Plan + Child Care Plan)	1,837,689	—
Mr. Ricky Ishwardas Kirpalani	1,604,663	—

AGGREGATE NUMBER OF EQUITY SHARES ALLOTED AS FULLY PAID UP BY WAY OF BONUS SHARES

2010–11	2009–10	2008–09	2007–08	2006–07
15,992,300	—	—	—	—

RIGHTS ATTACHED TO THE SHARES

The Company has only one class of Equity Shares of par value of Rs.10/- per share. Each holder of Equity Share is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by Board of Directors is subject to the approval of shareholders in ensuing Annual General Meeting.

In the event of liquidation of the Company, the holder of Equity Shares will be entitled to receive remaining assets of the Company after distribution of all preferential amount and the remaining balance is distributed in proportion to the number of Equity Shares held by the Equity Shareholders.

NOTE 3

RESERVES & SURPLUS

		As at March 31, 2012 (Rs. in Lacs)	As at March 31, 2011 (Rs. in Lacs)
CAPITAL RESERVE			
Central Investments Subsidy			
As per last Balance Sheet		**25.00**	25.00
Addition during the year		**60.00**	—
State Investments Subsidy		**30.00**	30.00
Share Warrants Forfeited		**250.80**	250.80
	Sub Total (a)	**365.80**	305.80
SECURITIES PREMIUM RESERVE			
As per last Balance Sheet		**2,348.20**	3,947.43
Utilised by Issue of Bonus Shares		**—**	1,599.23
	Sub Total (b)	**2,348.20**	2,348.20
GENERAL RESERVE			
As per last Balance Sheet		**4,147.20**	2,367.20
Transferred from Profit & Loss Statement		**760.00**	1,780.00
	Sub Total (c)	**4,907.20**	4,147.20
SURPLUS AS PER PROFIT & LOSS STATEMENT			
Surplus Bought Forward		**21,768.83**	9,616.65
Add: Profit as per Profit & Loss Statement		**7,599.43**	17,653.22
Less: Transferred to General Reserve		**760.00**	1,780.00
Interim Dividend		**—**	959.54
Corporate Dividend Tax - Interim Dividend		**—**	159.37
Proposed Dividend		**1,279.38**	2,238.92
Corporate Dividend Tax - Proposed Dividend		**207.55**	363.21
Net Surplus in Profit & Loss Statement	**Sub Total (d)**	**27,121.33**	21,768.83
	TOTAL (a+b+c+d)	**34,742.53**	28,570.03

NOTE 4

LONG TERM BORROWINGS

		As at March 31, 2012 (Rs. in Lacs)	As at March 31, 2011 (Rs. in Lacs)
SECURED TERM LOANS FROM BANKS			
Rupee Term Loans		**6,675.00**	13,962.00
Foreign Currency Term Loans		**27,322.85**	18,253.57
Other Loans		**1.34**	6.78
	Sub Total (a)	**33,999.19**	32,222.35
LESS: CURRENT PORTION			
Rupee Term Loan		**2,900.00**	2,899.88
Foreign Currency Term Loan		**4,424.42**	2,811.95
Other Loans		**1.34**	5.44
	Sub Total (b)	**7,325.76**	5,717.27
	TOTAL (a – b)	**26,673.43**	26,505.08

Loans are secured as under:

The Foreign Currency Term Loans of Rs. 27,322.85 Lacs (Previous Year – Rs. 18,253.57 Lacs) and Rupee Term Loans of Rs. 1,875.00 Lacs (Previous Year – Rs. 7,962.00 Lacs) are to be secured on a *pari passu* basis by a equitable mortgage in respect of Company's immovable properties at Khatima and Bajpur, both present and future.

The Rupee Term Loans include Rs. 4,800 Lacs (Previous Year – Rs. 6,000 Lacs) availed from IDBI Bank Limited is secured by exclusive charge by way of equitable mortgage of Immovable Property at Noida.

Other Loans of Rs. 1.34 Lacs (Previous Year – Rs. 6.78 Lacs) from Banks are secured by hypothecation of Vehicles purchased therefrom.

Loans are repayable as under:

Loan Amount (Rs. in Lacs)	No of Equal Installments	Frequency	Period	
			From	To
4,800.00	2	Annual	2012–13	2013–14
1,875.00	15	Quarterly	2012–13	2015–16
3,919.35	10	Semi Annual	2012–13	2016–17
15,005.38	13	Semi Annual	2012–13	2018–19
3,069.99	17	Quarterly	2014–15	2018–19
5,328.13	4	Annual (Tranche Wise)	2012–13	2015–16
1.34	4	Monthly	2012–13	2012–13

NOTE 5

DEFERRED TAX LIABILITY (Net)

	As at March 31, 2012 (Rs. in Lacs)	As at March 31, 2011 (Rs. in Lacs)
DEFERRED TAX ASSET		
Disallowances under the Income Tax Act, 1961	**(24.16)**	(22.30)
DEFERRED TAX LIABILITY		
Disallowances on Account of Depreciation	**1,304.55**	4,303.80
TOTAL	**1,280.39**	4,281.50

NOTE 6

LONG TERM PROVISIONS

	Non Current Amount		Current Amount	
	As at March 31, 2012 (Rs. in Lacs)	As at March 31, 2011 (Rs. in Lacs)	As at March 31, 2012 (Rs. in Lacs)	As at March 31, 2011 (Rs. in Lacs)
Provision for Retirement Benefits	**58.28**	49.53	**11.49**	4.50
Total	**58.28**	49.53	**11.49**	4.50

NOTE 7

SHORT TERM BORROWINGS

	As at March 31, 2012 (Rs. in Lacs)	As at March 31, 2011 (Rs. in Lacs)
SECURED LOANS		
Working Capital Demand Loans from Banks	**2,796.76**	4,248.91
Buyer's Credit	**2,042.16**	5,656.25
Sub Total (a)	**4,838.92**	9,905.16
UNSECURED LOANS		
Working Capital Demand Loans from Banks	**1,424.28**	—
Sub Total (b)	**1,424.28**	—
TOTAL (a+b)	**6,263.20**	9,905.16

Short Term Borrowing in the form of Buyer's Credit from Banks aggregating to Rs. 1,090.98 Lacs (Previous Year – Rs. 3,011.69 Lacs) are secured on a *pari passu* basis by a equitable mortgage in respect of Company's immovable properties at Khatima and Bajpur, both present and future.

Short Term Borrowing in the form of Working Capital Loans & Buyer's Credit from Banks aggregating to Rs. 3,747.94 Lacs (Previous Year – Rs. 6,893.48 Lacs) are secured/to be secured by way of hypothecation of inventories, book debts and other current assets both present and future, besides second charge on Company's immovable properties at Khatima and Bajpur.

NOTE 8

OTHER CURRENT LIABILITIES

	As at March 31, 2012 (Rs. in Lacs)	As at March 31, 2011 (Rs. in Lacs)
Current maturity of long term debt	**7,325.76**	5,717.27
Interest accrued but not due on borrowings	**255.27**	205.75
Unpaid Dividend	**101.74**	90.08
Security Deposits	**106.58**	48.30
Statutory Liabilities	**263.71**	183.69
Advance from Customers (including Related Party) (Refer Note No: 26 T)	**3,486.17**	3,286.37
Other Liabilities	**1,977.26**	2,004.24
TOTAL	**13,516.49**	11,535.70

NOTE 9

SHORT TERM PROVISIONS

	As at March 31, 2012 (Rs. in Lacs)	As at March 31, 2011 (Rs. in Lacs)
Provision for Wealth Tax	**2.35**	4.15
Provision for Retirement Benefits	**11.49**	4.50
Proposed Dividend	**1,279.38**	2,238.92
Corporate Dividend Tax	**207.55**	363.21
TOTAL	**1,500.77**	2,610.78

NOTE 10

FIXED ASSETS

(Rs. in Lacs)

Particulars	GROSS BLOCK				DEPRECIATION & AMORTISATION				NET BLOCK	
	As at April 01, 2011	Additions during the year	Sale/ adjust-ments	**As at March 31, 2012**	As at April 01, 2011	For the year	Sale/ adjust-ments	**As at March 31, 2012**	**As at March 31, 2012**	As at March 31, 2011
TANGIBLE ASSETS										
Freehold Land	1,116.68	339.88	—	**1,456.56**	—	—	—	—	**1,456.56**	1,116.68
Leasehold Land	472.59	—	—	**472.59**	78.76	5.25	—	**84.01**	**388.58**	393.83
Buildings	10,634.53	555.75	—	**11,190.28**	1,262.19	1,308.34	—	**2,570.53**	**8,619.75**	9,372.34
Plant & Machinery	58,313.68	13,345.76	1,962.06	**69,697.38**	13,867.28	12,466.11	1,863.74	**24,469.65**	**45,227.73**	44,446.40
Electrical Installations	1,993.86	30.17	0.31	**2,023.72**	339.58	357.79	0.02	**697.35**	**1,326.37**	1,654.28
Furniture & Fixtures	422.45	48.04	2.01	**468.48**	212.14	49.24	0.27	**261.11**	**207.37**	210.31
Office Equipments	854.11	222.23	21.04	**1,055.30**	347.42	166.02	17.28	**496.16**	**559.14**	506.69
Vehicles	223.51	61.87	—	**285.38**	79.08	37.42	—	**116.50**	**168.88**	144.43
TOTAL	**74,031.41**	**14,603.70**	**1,985.42**	**86,649.69**	**16,186.45**	**14,390.17**	**1,881.31**	**28,695.31**	**57,954.38**	57,844.96
Previous Year	72,331.35	3,400.96	1,700.90	74,031.41	14,402.62	3,195.43	1,411.60	16,186.45	57,844.96	—
INTANGIBLE ASSETS										
Computer Software	131.84	—	—	**131.84**	33.18	58.48	—	**91.66**	**40.18**	98.66
TOTAL	131.84	—	—	**131.84**	33.18	58.48	—	**91.66**	**40.18**	98.66
Previous Year	44.90	86.94	—	**131.84**	7.19	25.99	—	33.18	98.66	—
Grand Total - Current Year	**74,163.25**	**14,603.70**	**1,985.42**	**86,781.53**	**16,219.63**	**14,448.65**	**1,881.31**	**28,786.97**	**57,994.56**	**57,943.62**
Grand Total - Previous Year	72,376.25	3,487.90	1,700.90	74,163.25	14,409.81	3,221.42	1,411.60	16,219.63	57,943.62	—

Notes :

1. Freehold Land costing Rs. 8.79 Lacs (Previous Year – Rs. 8.79 Lacs) is under Power of Attorney .
2. Addition to Plant & Machinery includes Rs. 2,134.60 Lacs (Previous Year – Rs. 1,200.02 Lacs) on account of Foreign Exchange Fluctuation/Derivatives (Refer Note No. 26 K (III)).
3. Addition to Plant & Machinery includes Rs. 104.95 Lacs (Previous Year – Rs. Nil) on account of Interest on Loans.
4. Specialized software under intangible assets is amortised over useful life i.e. over the period of 5 years.

NOTE 11

NON-CURRENT INVESTMENTS

(At Cost Less Provisions)
(Long term Investment – Other than Trade)

	Face Value	As at March 31, 2012 Nos.	As at March 31, 2012 (Rs. in Lacs)	As at March 31, 2011 Nos.	As at March 31, 2011 (Rs. in Lacs)
1. Unquoted - Equity / Ordinary Shares (Fully Paid Up unless otherwise stated)					
1.1 Investment in other Companies					
Beehive Technologies Private Limited	Rs. 10	—	—	69,800	6.98
Excel International Private Limited	Rs. 10	—	—	4,020	0.40
Bhilangana Hydro Power Limited	Rs. 10	25,000	2.50	25,000	2.50
Sub Total (a)			2.50		9.88
1.2 Investment in Subsidiary Companies					
Polyplex (Asia) Pte. Limited (Cost - USD 1000000) (common stock, no par value)		100,000	463.83	100,000	463.83
Polyplex (Americas) Inc. (Cost - USD 125000) (common stock, no par value)		25,000	44.54	25,000	44.54
Sub Total (b)			508.37		508.37
2. Quoted - Equity / Ordinary Shares (Fully Paid Up unless otherwise stated)					
2.1 Investment in Subsidiary Companies					
Polyplex (Thailand) Public Company Limited	Baht 1	132,000,000*	1,487.60	132,000,000*	1,487.60
Sub Total (c)			1,487.60		1,487.60
TOTAL (a + b + c)			1,998.47		2,005.85
Note:					
Aggregate of Unquoted Investments (At Cost Less Provision)			510.87		518.25
Aggregate of Quoted Investments (At Book Value)			1,487.60		1,487.60
(At Market Value)			34,463.08		45,069.34

* Includes 60 Ordinary Shares (Previous Year – 60 Ordinary Shares) beneficially owned by the Company but not registered in the name of Company.

NOTE 12

LONG TERM LOANS AND ADVANCES

	As at March 31, 2012 (Rs. in Lacs)	As at March 31, 2011 (Rs. in Lacs)
Capital advances to Vendors	132.71	1,268.76
Security Deposits	543.22	439.83
TOTAL	675.93	1,708.59

NOTE 13

CURRENT INVESTMENTS
(Other than Trade)
(Unquoted - Other than Shares)

	As at March 31, 2012 No. of Units	**As at March 31, 2012 (Rs. in Lacs)**	As at March 31, 2011 No. of Units	As at March 31, 2011 (Rs. in Lacs)
MUTUAL FUNDS - UNITS				
Pramerica Liquid Fund - Growth Option	**164,350**	**1,880.00**	—	—
Reliance Liquid Fund - Growth Option	—	—	2,777,176	410.00
TOTAL		**1,880.00**		410.00

NOTE 14

INVENTORIES
(as valued and certified by the Management)
(at lower of cost and net realisable value)

	As at March 31, 2012 (Rs. in Lacs)	As at March 31, 2011 (Rs. in Lacs)
Raw Materials (incl. stock in transit of Rs. 540.31 Lacs, Previous Year – Rs. 1,196.37 Lacs)	**6,317.29**	6,424.23
Stock in Process	**1,698.86**	2,400.58
Finished Goods (incl. stock in transit of Rs. 547.11 Lacs, Previous Year – Rs. 1,977.29 Lacs)	**2,370.65**	4,079.18
Stores & Spares	**1,080.96**	919.27
TOTAL	**11,467.76**	13,823.26

NOTE 15

TRADE RECEIVABLES
(Unsecured, considered good unless otherwise stated)

	As at March 31, 2012 (Rs. in Lacs)	As at March 31, 2011 (Rs. in Lacs)
DEBTS OUTSTANDING FOR A PERIOD EXCEEDING SIX MONTHS FROM THE DUE DATE		
Considered Good	**35.94**	59.63
Considered Doubtful	**4.71**	14.71
Less: Provision for Doubtful Debts	**(4.71)**	(14.71)
OTHER DEBTS		
Considered Good	**3,907.59**	7,596.56
TOTAL	**3,943.53**	7,656.19

NOTE 16

CASH AND BANK BALANCES

	As at March 31, 2012 (Rs. in Lacs)	As at March 31, 2011 (Rs. in Lacs)
CASH AND CASH EQUIVALENTS		
Cash on Hand	11.13	9.61
Cheques in Hand	38.98	66.59
BANK BALANCE WITH SCHEDULED BANKS		
Current Accounts	859.23	480.44
Fixed Deposits with origin less than three months	4,500.00	—
Sub Total (a)	5,409.34	556.64
EARMARKED BALANCES WITH BANKS		
Unpaid Dividend Accounts	101.74	90.08
Sub Total (b)	101.74	90.08
OTHER BANK BALANCES		
Fixed Deposits (Pledged with Banks)	65.40	111.55
Sub Total (c)	65.40	111.55
TOTAL (a+b+c)	5,576.48	758.27

NOTE 17

SHORT TERM LOANS AND ADVANCES

(Unsecured, considered good unless otherwise stated)

	As at March 31, 2012 (Rs. in Lacs)	As at March 31, 2011 (Rs. in Lacs)
Loans and Advances to Related Party	20.25	27.00
Advances to Vendors	1,122.23	1,146.84
Export Benefit Receivables	584.44	907.38
Prepaid Expenses	168.74	206.88
Inter-corporate Deposit	1,000.00	—
Deposits with Government Authorities & Others	149.78	134.45
Advance Tax (Net of Provisions)	369.71	352.04
MAT Credit Entitlement	232.09	—
Balance with Customs & Excise	1,233.56	1,627.81
TOTAL	4,880.80	4,402.40

NOTE 18

OTHER CURRENT ASSETS

	As at March 31, 2012 (Rs. in Lacs)	As at March 31, 2011 (Rs. in Lacs)
Discarded Plant & Machinery held for sale	106.09	57.65
TOTAL	106.09	57.65

NOTE 19

REVENUE FROM OPERATIONS

		As at March 31, 2012 (Rs. in Lacs)	As at March 31, 2011 (Rs. in Lacs)
SALES			
Plastic Films		**85,593.32**	91,019.01
Others		**7,385.16**	6,234.27
	TOTAL	**92,978.48**	97,253.28
Less: Excise Duty		**(3,931.16)**	(2,901.81)
Net Sales		**89,047.32**	94,351.47
OTHER OPERATING INCOME			
Liabilities written back		**572.85**	99.20
Provision for Doubtful Debts written back		**10.00**	—
Insurance claims received		**89.39**	82.91
	TOTAL	**89,719.56**	94,533.58

NOTE 20

OTHER INCOME

		As at March 31, 2012 (Rs. in Lacs)	As at March 31, 2011 (Rs. in Lacs)
Rental Income		**225.61**	139.54
Profit on Sale of Current Investments		**128.47**	65.17
Dividend Income		**13,971.28**	3,537.72
Foreign Exchange Fluctuation (Net)		**333.28**	317.77
Interest Income		**71.98**	117.97
Other Income/Claims		**269.36**	8.31
	TOTAL	**14,999.98**	4,186.48

NOTE 21

COST OF MATERIAL CONSUMED

		As at March 31, 2012 (Rs. in Lacs)	As at March 31, 2011 (Rs. in Lacs)
Raw Material		57,733.26	46,770.71
Packing Material		2,315.72	1,950.48
	TOTAL	**60,048.98**	**48,721.19**

		As at March 31, 2012 (Rs. in Lacs)	As at March 31, 2011 (Rs. in Lacs)
Particulars of Raw Material consumed			
Petrochemicals (PTA, MEG, Polypropylene)		57,228.54	43,436.59
Others		504.72	3,334.12
	TOTAL	**57,733.26**	46,770.71
Value & Percentage of Imported and Indigeneous Raw Material Consumed			
Imported (Value)		3,379.63	7,153.75
Imported (%)		5.85%	15.30%
Domestic (Value)		54,353.63	39,616.96
Domestic (%)		94.15%	84.70%
	Total (Value)	**57,733.26**	46,770.71
	TOTAL (%)	**100.00%**	100.00%

NOTE 22

CHANGES IN INVENTORY

	As at March 31, 2012 (Rs. in Lacs)	As at March 31, 2011 (Rs. in Lacs)
OPENING STOCK		
Finished Goods	4,079.18	1,273.81
Stock in Process - Others/Rolls	667.54	38.79
Stock in Process - Chips	1,733.04	860.81
	6,479.76	2,173.42
Add: Transfer from Preoperative Expenditure (Refer Note No. 26 F)	262.73	—
CLOSING STOCKS		
Finished Goods	2,370.65	4,079.18
Stock in Process - Others/Rolls	431.92	667.54
Stock in Process - Chips	1,266.94	1,733.04
	4,069.51	6,479.76
Add : Increase/(Decrease) in Excise Duty on Stocks	(36.44)	88.09
Net Changes in Inventory	**2,636.54**	(4,218.25)

NOTE 23

EMPLOYEE BENEFITS EXPENSE

	As at March 31, 2012 (Rs. in Lacs)	As at March 31, 2011 (Rs. in Lacs)
Salaries, Wages, Bonus etc	**3,704.34**	4,154.47
Contribution to Provident and Other Funds	**275.47**	214.49
Staff Welfare Expenses	**289.21**	331.29
TOTAL	**4,269.02**	4,700.25

NOTE 24

FINANCE COSTS

	As at March 31, 2012 (Rs. in Lacs)	As at March 31, 2011 (Rs. in Lacs)
Interest Expense	**2,296.95**	2,877.74
Other Borrowing Cost	**381.27**	652.17
Applicable net gain/loss on Foreign Currency Transactions and Translations	**572.53**	—
TOTAL	**3,250.75**	3,529.91

NOTE 25

OTHER EXPENSES

		As at March 31, 2012 (Rs. in Lacs)	As at March 31, 2011 (Rs. in Lacs)
MANUFACTURING EXPENSES			
Job Work Charges		0.27	9.65
Stores & Spares Consumed		1,067.17	1,163.27
Power & Fuel		6,664.45	7,961.07
REPAIRS AND MAINTENANCE			
Building		57.45	35.01
Plant & Machinery		129.33	97.27
	Sub Total (a)	7,918.67	9,266.27
ADMINISTRARIVE EXPENSES			
Rent		151.22	85.43
Insurance		355.48	352.44
Directors' Commission		50.00	200.00
Directors' Sitting Fee		11.00	16.60
Other Administrative expenses		2,611.52	2,399.46
	Sub Total (b)	3,179.22	3,053.93
SELLING EXPENSES			
Freight		3,453.54	3,813.77
Other Selling expenses		351.63	371.34
	Sub Total (c)	3,805.17	4,185.11
OTHER EXPENSES			
Asset written off		48.14	190.11
Loss on Sale of Fixed Assets (Net)		1.07	13.83
Donation		13.68	5.26
Bad Debts		—	23.33
	Sub Total (d)	62.89	232.53
	TOTAL (a+b+c+d)	14,965.95	16,737.84

		As at March 31, 2012 (Rs. in Lacs)	As at March 31, 2011 (Rs. in Lacs)
Value & Percentage of Imported and Indigeneous Stores & Spares Consumed			
Imported (Value)		322.48	568.12
Imported (%)		30.22%	48.84%
Domestic (Value)		744.69	595.15
Domestic (%)		69.78%	51.16%
	Total (Value)	1,067.17	1,163.27
	Total (%)	100.00%	100.00%

NOTE : 26

OTHER EXPLANATORY NOTES

A. Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of Advances of Rs. 132.71 Lacs, Previous Year – Rs. 1,546.91 Lacs) – Rs. 589.17 Lacs. (Previous Year – Rs. 7,525.97 Lacs).

B. Contingent Liabilities not provided for and other commitments, in respect of:

I. Disputed matters under litigation:

(Rs. in Lacs)

Particulars	Current Year	Previous Year
Sales Tax & Entry Tax	**238.87**	352.07
Excise Duty & Customs Duty	**29.14**	22.95
Income Tax	**73.54**	73.54
Others	**18.75**	20.71

II. Bills discounted with banks – Rs.871.86 Lacs (Previous Year – Rs.338.52 Lacs).

III. (i) Custom Duty saved amounting to Rs.2,765.16 Lacs (Previous Year – Rs.4,613.85 Lacs) in respect of import of machinery under Export Promotion Capital Goods (EPCG) Scheme against which export obligation is pending to be fulfilled.

(ii) Import duty saved amounting to Rs.162.43 Lacs (Previous Year – Nil) in respect of goods imported under advance license against which export obligation is pending to be fulfilled.

IV. Guarantees given to the banks and others - Rs.428.97 Lacs (Previous Year – Rs.340.30 Lacs), including Rs.2.25 Lacs (Previous Year – Rs.2.25 Lacs) on behalf of other bodies corporate.

C. Export incentives amounting to Rs.1,284.59 Lacs (Previous Year – Rs.1,189.55 Lacs) are accounted for on accrual basis and have been credited to Raw Materials Consumed Account.

D. The expenditure of Rs.400.80 Lacs (Previous Year – Rs.266.79 Lacs) on Research & Development has been debited to the respective heads of account.

E. I. As required by Section 22 of The Micro, Small and Medium Enterprises Development Act, 2006 the following information is disclosed:

(Rs. in Lacs)

Sr.No	Particulars	2011-12	2010-11
(a)	(i) Principal amount remaining unpaid at the end of the accounting year	—	—
	(ii) Interest due on above	—	—
(b)	The amount of interest paid by the buyer along with amount of payment made to the suppliers beyond the appointed date	—	—
(c)	The amount of interest accrued and remaining unpaid at the end of financial year	—	—
(d)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the due date during the year) but without adding interest specified under this Act	—	—
(e)	The amount of further interest due and payable in succeeding year, until such interest is actually paid	—	—

II. Balances of certain debtors, creditors, other liabilities, loans and advances are in the process of confirmation and / or reconciliation.

F. Capital work in progress includes equipment not yet installed, construction/erection material, construction/erection work in progress, machinery at site and/or in transit, advance to suppliers and other pre-operative expenses pending allocation/ capitalization. Pre-operative expenses pending allocation/capitalization are:

(Rs. in Lacs)

Particulars	As At March 31, 2012	As At March 31, 2011
Pre-operative Expenses brought forward	(154.57)	49.20
Raw Material Consumed	391.69	—
Power & Fuel	64.34	—
Salary & Wages	25.00	—
Insurance	12.45	21.86
Other Borrowing Cost	196.36	15.99
Interest on Term Loan	104.95	2.50
Foreign Exchange Fluctuation (Net) (Refer Note: 26 K (III)	821.17	(216.18)
Miscellaneous & Other Expenses	10.20	21.26
TOTAL	1,471.60	(105.37)
Less : Scrap Sales	12.60	—
Less : Stock of Finished Goods at Commencement of Commercial Production	262.73	—
	1,196.27	(105.37)
Less : Allocated and Capitalised during the year	1,189.42	49.20
Balance Pending Allocation Transfer to Balance Sheet	6.85	(154.57)

G. **Sundry Debtors and Other Current Liabilities include following:**

(Rs. in Lacs)

Particulars	Balance as at March 31, 2012	Maximum Outstanding Current Year	Balance as at March 31, 2011	Maximum Outstanding Previous Year
A. Subsidiaries / Step down subsidiaries				
– Polyplex (Thailand) Public Company Ltd *	—	54.93	—	7.34
– Polyplex Europa Polyester Film Sanayi Ve Ticaret A.S. *	—	49.78	—	45.91
– Polyplex (Americas) Inc. *	—	2.59	—	—
– Polyplex USA LLC *	—	42.07	—	—
– Polyplex (Asia) Pte. Ltd.	—	16.29	—	—
– Polyplex (Thailand) Public Company Ltd **	222.89	313.37	—	—
– Polyplex Europa Polyester Film Sanayi Ve Ticaret A.S. **	(3,009.44)	(4,462.90)	(661.27)	823.87
– Polyplex (Americas) Inc. **	(430.76)	(2,623.37)	(2,623.37)	(6,878.95)
B. Others				
– Interest free advance to Employees *	100.43	109.79	85.04	108.58

* Loans & Advances.

** Receivables from/(Payable) to Subsidiaries.

H. Advances recoverable in cash or in kind under Loans & Advances (Note 26 G) include Rs. Nil (Previous Year – Nil) due from the officer/director. Maximum amount due during the year Rs. Nil (Previous Year – Rs.0.25 Lacs).

I. During the Current Year, the Company has retrospectively changed its method of providing depreciation on fixed assets pertaining to its plant at Khatima (Except Line 1) and Bajpur from Straight Line Method (SLM) to Written Down Value (WDV) Method, at the rates prescribed in Schedule XIV to the Companies Act, 1956. This change will result in more appropriate basis of charging depreciation.

This change represents time and pattern in which the economic benefit flows to the Company. Accordingly, the Company has recorded an additional depreciation amounting to Rs.7,078.80 Lacs related to earlier years which has been disclosed as an exceptional item and Rs.3,602.82 Lacs as a additional charge for current year. The Profit After Tax (PAT) for Current Year would have been higher by Rs.5,807.04 Lacs had the Company continued the use of earlier method of depreciation.

J. Company has entered into operating lease agreement for a premise. Lease is non- cancellable for a period of six years and renewable thereafter on mutually agreed terms.

(Rs. in Lacs)

Particulars	2011-12	2010-11
Total lease payment during the year (Recognized in Statement of Profit & Loss)	17.79	16.54
Minimum Lease Payments		
– Not later than one year	18.23	17.37
– Later than one year but not later than five year	22.49	40.73
– Later than five years	NIL	NIL

K. I. The Foreign Currency Exposure that are not hedged by a derivative instrument or otherwise are as follows:

Particulars	Document Currency	Current Year		Previous Year	
		Amount (Fx)	Amount (Rs. in Lacs)	Amount (Fx)	Amount (Rs.in Lacs)
Loans - Long Term	USD	19,957,443	10,211.52	—	—
	EUR	17,239,430	11,783.20	19,891,649	12,581.47
	JPY	840,000,000	5,328.12	1,050,000,000	5,672.10
Loans - Short Term	USD	6,842,161	3,500.89	13,423,450	5,995.00
	EUR	—	—	1,564,000	989.00
Debtors	USD	3,430,359	1,723.52	—	—
	EUR	729,990	476.92	3,305,319	1,983.00
Sundry Creditors	USD	241,767	121.48	234,662	106.57
	EUR	359,132	237.18	224,234	137.45
	GBP	—	—	2,240	1.67
Other Liabilities	USD	103,632	51.09	207,759	92.79
	EUR	—	—	2,850	1.80

II. The Foreign Currency Exposure that are hedged by a derivative instrument or otherwise are as follows:

Particulars	Current Year			Previous Year		
	Contract Sell/Buy	Currency	Amount in (Fx)	Contract Sell/Buy	Currency	Amount in (Fx)
Forward Contracts	USD/INR	USD	43,822	USD/INR	USD	25,117,703
Forward Contracts	INR/USD	USD	2,167,257	INR/USD	USD	6,138,600
Forward Contracts	USD/JPY	JPY	33,400,000	USD/JPY	JPY	150,300,000
Forward Contracts	USD/EUR	—	—	USD/EUR	EUR	7,420,965
SWAP Deal	USD/JPY	USD	8,000,000	USD/JPY	USD	10,000,000

III. The Company took certain option structure, forward and interest rate / currency swap contracts to cover the foreign exchange risk related with the import of fixed assets. During the year, Gain (Net) of Rs.377.96 Lacs (Previous Year – Gain (Net) of Rs.233.92 Lacs) on foreign exchange derivatives taken for payments to suppliers of imported capital goods and Gain (Net) of Rs.43.01 Lacs (Previous Year – Loss (Net) of Rs.1.63 Lacs) on mark to market on outstanding derivatives as on 31st March 2012 has been capitalized / shown as part of pre-operative expenses based on expert opinion, as the same is attributable to the Fixed Assets.

L. Payments to Auditors:

(Rs. in Lacs)

Particulars	Current Year	Previous Year
Audit Fee *	12.08	10.09
Tax Audit fee *	1.12	1.00
Certification & Other fees *	6.12	9.32
Out of Pocket Expenses	0.45	0.25
TOTAL	19.78	20.66

* Includes Service Tax

M. Expenditure in Foreign Currency:

(Rs. in Lacs)

Particulars	Current Year	Previous Year
Consultation Fees	66.70	181.72
Interest	842.51	609.16
Finance Charges	424.19	224.26
Brokerage & Commission	160.84	254.74
Others	164.27	209.33
TOTAL	1,658.51	1,479.21

N. Earnings in Foreign Currency:

(Rs. in Lacs)

Particulars	Current Year	Previous Year
FOB Value of Exports (Including Deemed Exports Rs. 3.53 Lacs, Previous Year – Rs. 628.90 Lacs)	25,029.87	37,694.65
Dividend (Gross) from Subsidiary Companies	13,971.28	3,537.72
Other Claims	257.65	—
TOTAL	39,258.80	41,232.37

O. Dividend remitted in Foreign Currency:

Particulars	2011-12	2010-11
Final Dividend	w.r.t. F.Y. 2010-11	w.r.t. F.Y. 2009-10
Amount of Dividend (Rs. in Lacs)	921.07	526.33
Interim Dividend	—	w.r.t. F.Y. 2010-11
Amount of Dividend (Rs. in Lacs)	—	394.74
Number of Non-resident Shareholders	2	2
Number of Shares held by these Non-residents	13,158,134	6,579,067

P. CIF Value of Imports:

(Rs. in Lacs)

Particulars	Current Year	Previous Year
Raw Material	6,381.69	9,727.23
Stores & Spares, Chemicals & Packing Material	193.56	1,523.97
Capital Goods	7,192.22	63.67
TOTAL	13,767.48	11,314.87

Q. The disclosures required under Accounting Standard 15 “Employee Benefits” notified in the Companies (Accounting Standards) Rules 2006, are given below:

Defined Contribution Plan

Contribution to Defined Contribution Plan recognised and charged off/debited to Statement of Profit & Loss / Pre-operative Expenses pending allocation are as under:

(Rs. in Lacs)

Particulars	Current Year	Previous Year
Employer’s Contribution to Provident Fund	144.82	120.94
Employer’s Contribution to Superannuation Fund	46.85	41.18

Defined Benefit Plan

Employees’ gratuity fund scheme managed by Life Insurance Corporation of India is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognised in the same manner as gratuity.

(Rs. in Lacs)

	Particulars	Gratuity	Gratuity	Leave Encashment	Leave Encashment
		Funded	Funded	Non Funded	Non Funded
		Current Year	Previous Year	Current Year	Previous Year
a)	**Reconciliation of opening and closing balances of defined benefit obligation**				
	Defined Benefit obligation at beginning of the year	**253.90**	243.83	**54.04**	57.04
	Current Service Cost	**34.11**	29.28	**18.21**	18.87
	Interest Cost	**21.58**	19.51	**4.59**	4.56
	Actuarial (gain)/loss	**40.20**	(34.33)	**(2.57)**	(4.33)
	Benefit Paid	**(27.28)**	(4.39)	**(4.50)**	(22.10)
	Defined Benefit obligation at year end	**322.51**	253.90	**69.79**	54.04
b)	**Reconciliation of opening and closing balances of fair value of plan assets :**				
	Fair value of plan assets at beginning of the year	**362.72**	290.52	—	—
	Expected return on plan assets	**36.03**	28.98	—	—
	Actuarial (gain)/loss	**(3.13)**	(2.26)	—	—
	Employer Contribution	**80.91**	49.88	—	—
	Benefit Paid	**(27.28)**	(4.38)	—	—
	Fair value of plan assets at year end	**449.25**	362.72	—	—
c)	**Reconciliation of fair value of assets and obligations :**				
	Fair value of plan assets as at year end	**449.26**	362.72	—	—
	Present value of obligation as at year end	**322.51**	253.91	**69.78**	54.04
	Net Assets/(Liability)	**126.75**	108.81	**(69.78)**	(54.04)
d)	**Expenses recognized during the year :**				
	Current Service Cost	**34.11**	29.28	**18.21**	18.87
	Interest Cost	**21.58**	19.51	**4.59**	4.56
	Expected return on plan assets	**(36.03)**	(28.97)	—	—
	Actuarial (gain)/loss	**43.33**	(32.08)	**(2.57)**	(4.34)
	Expense recognised in P & L Statement	**62.99**	(12.25)	**20.24**	19.10
e)	**Investment Details :**				
	LIC Group Gratuity (Cash Accumulation) Policy	**100%**	100%	—	—
f)	**Actuarial Assumption**				
	Mortality Table (L.I.C.)	**1994–96 Ultimate**	**1994–96 Ultimate**	**1994–96 Ultimate**	**1994–96 Ultimate**
	Discount Rate (per annum)	**8.50%**	8.00%	**8.50%**	8.00%
	Rate of Escalation in Salary (per annum)	**6.50%**	6.00%	**6.50%**	6.00%

The estimates of rate of escalation in salary considered in actuarial valuation take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by an Actuary.

R. Earnings Per Share (EPS)

Particulars	Unit	Current Year	Previous Year
Net Profit / Loss for the year	(Rs. in Lacs)	**7,599.43**	17,653.22
Weighted average number of equity shares considered as Denominator for calculation of Basic EPS	(Nos)	**31,984,600**	31,984,600
Weighted average number of equity shares considered as Denominator for calculation of Diluted EPS	(Nos)	**31,984,600**	31,984,600
Basic EPS	(Rs.)	**23.76**	55.19
Diluted EPS	(Rs.)	**23.76**	55.19

S. As per Accounting Standard–17 on Segment reporting, segment information has been provided in Notes to Consolidated Financial Statements.

T. Related Party Disclosures (as identified by Management)

Disclosures as required by AS-18, "Related Party Disclosures" are given below:

I. Parties where control exists

Subsidiary/Step down Subsidiaries

- Polyplex (Thailand) Public Co. Limited
- Polyplex (Asia) Pte. Limited
- Polyplex (Singapore) Pte. Limited
- Polyplex Europa Polyester Film Sanayi Ve Ticaret A.S.
- Polyplex (Americas) Inc.
- Polyplex Trading (Shenzhen) Co. Limited
- PAR LLC USA (PAR LLC) w.e.f. May 06, 2011
- Polyplex America Holdings Inc. (PAH) w.e.f. July 18, 2011
- Polyplex USA LLC (PU) w.e.f. July 18, 2011
- Polyplex Resins Sanyi Ve Ticaret A.S. (PR) w.e.f. December 02, 2011

II. Other Related Parties with whom transactions have taken place during the year

Key Management Personnel (KMP)

- Shri Sanjiv Saraf (Chairman)
- Shri Pranay Kothari (Executive Director)
- Shri Ranjit Singh (Whole Time Director)

Relative of Key Management Personnel

- Smt. Ritu Kothari

Enterprises over which Key Management Personnel, their relatives and major shareholders have significant influence:

- Beehive Systems Private Limited
- Manupatra Information Solutions Private Limited
- Altivolus Infotech Private Limited
- Dalhousie Villa Private Limited
- Bhilangana Hydro Power Limited

III. Nature of Transactions with Related Parties

(Rs. in Lacs)

	Particulars	Subsidiaries of the Company	Key Management Personnel	Relative of KMP	Enterprises over which significant Influence exists	Total
1	Purchase of Material/Services	— (–)	— (–)	27.00 (13.50)	6.00 (5.77)	33.00 (19.27)
2	Sale of Material/Services/ Investments*	11,724.84 (15,454.15)	— (–)	— (–)	68.99 (52.94)	11,793.83 (15,507.09)
3	Mangerial Remuneration	— (–)	381.94 (573.40)	— (–)	— (–)	381.94 (573.40)
4	Commission to Director	— (–)	50.00 (200.00)	— (–)	— (–)	50.00 (200.00)
5	Director's Sitting Fees	— (–)	1.20 (4.40)	— (–)	— (–)	1.20 (4.40)
6	Advances given during the year	242.92 (70.68)	— (–)	0.00 (33.75)	— (–)	242.92 (104.43)
7	Dividend Received	13,971.28 (3,537.72)	— (–)	— (–)	— (–)	13,971.28 (3,537.72)
	Outstanding at year end					
8	Receivables	222.89 (–)	— (–)	20.25 (27.00)	34.93 (–)	278.06 (27.00)
9	Payables	3,440.20 (3,284.63)	50.00 (180.00)	— (–)	— (–)	3,490.20 (3,464.63)
10	Investment in Equity/ Preference Shares	1,995.97 (1,995.97)	— (–)	— (–)	2.50 (9.48)	1,998.47 (2,005.45)

* Net of Sales return of Rs. Nil (Previous Year – Rs.1,902.32 Lacs)

Notes: Figures in brackets ( ) indicate Previous Year Figures.

IV. **Disclosure of Material Transactions with Related Parties:**

(Rs. in Lacs)

Particulars	Subsidiaries of the Company	KMP	Enterprises over which significant Influence exists
1 Purchase of Material/Services			
– Dalhousie Villa Private Limited	— (–)	— (–)	6.00 (5.77)
2 Sale of Material/Services/Investments			
– Polyplex (Americas) Inc.*	5,171.52 (12,477.26)	— (–)	— (–)
– Polyplex Europa Polyester Film Sanyai Ve Ticaret A.S.	5,641.33 (2,976.89)	— (–)	— (–)
– Beehive Systems Private Limited	— (–)	— (–)	42.98 (36.00)
– Manupatra Information Solutions Private Limited	— (–)	— (–)	18.13 (9.06)
3 Advances given during the Year			
– Polyplex (Thailand) Public Co. Limited	65.71 (16.75)	— (–)	— (–)
– Polyplex Europa Polyester Film Sanayi Ve Ticaret A.S.	102.24 (53.93)	— (–)	— (–)
– Polyplex (Asia) Pte. Limited	36.99 (–)	— (–)	— (–)
– Polyplex (Asia) Pte. Limited	37.82 (–)	— (–)	— (–)
4 Payment to Key Managerial Personnel			
– Shri Sanjiv Saraf	— (–)	50.00 (200.00)	— (–)
– Shri Pranay Kothari	— (–)	172.33 (345.33)	— (–)
– Shri Ranjit Singh	— (–)	209.61 (228.07)	— (–)
5 Dividend Received			
– Polyplex (Asia) Pte. Limited	10,513.90 (2,036.44)	— (–)	— (–)
– Polyplex (Thailand) Public Co. Limited	3,448.49 (1,497.94)	— (–)	— (–)

* Net of Sales return of Rs. Nil (Previous Year – Rs.1,902.32 Lacs)
Notes: Figures in brackets ( ) indicate Previous Year Figures.

U. Debtors over six months include overdue overseas debtors aggregating to Rs. Nil (Previous Year – Rs. Nil) net of provision of Rs. Nil (Previous Year – Nil) where Company has initiated legal or other necessary action for recovery.

V. (I) The provision for current income tax is after considering various benefits and allowances available to the Company under the provisions of Income Tax Act, 1961, as assessed by the Management and is net of Deemed Tax Credit Entitlement in respect of overseas subsidiary company of Rs. 344.85 Lacs.

(II) Income Tax assessment in respect of certain years is in process and for certain years some additions have been made. In respect of additions made/disallowances, in some cases the Company has filed appeals with authorities, pending decisions no provision has been considered necessary by the Management.

W. In accordance with the provisions of Accounting Standard on Impairment of Assets (AS – 28), the Management has made assessment of assets considering the business prospects related thereto and, accordingly, no provision on account of impairment of assets is considered necessary in these accounts.

X. Current Year accounts have been prepared in accordance with the revised Schedule–VI of the Companies Act, 1956 and Previous Year's figures have been re-grouped/re-classified accordingly.

Y. Figures in the Balance Sheet, Profit & Loss Statement and Cash Flow Statement have been expressed in Rs. in Lacs with two decimals.

As per our report of even date attached
For **Lodha & Co.,**
Chartered Accountants
(Firm Regn. No : 301051E)

Signatures to Notes 1 to 26

N. K. Lodha
Partner
Membership No. 85155

Manish Gupta
Chief Financial Officer

Sanjiv Saraf
Chairman

Jitender Balakrishnan
O.P. Mehra
B.K. Soni
Suresh I. Surana
Directors

Place : New Delhi
Date : May 29, 2012

A.K. Gurnani
Company Secretary

Ranjit Singh
Whole-Time Director

Place : NOIDA
Date : May 29, 2012

AUDITORS' REPORT

To the Board of Directors of Polyplex Corporation Limited on the Consolidated Financial Statements of Polyplex Corporation Limited and its Subsidiaries

1. We have examined the attached Consolidated Balance Sheet of Polyplex Corporation Limited and its subsidiaries as at 31st March, 2012 and the Consolidated Statement of Profit and Loss and also the Consolidated Cash Flow Statement for the year then ended.

2. These Consolidated Financial Statements are the responsibility of the Management of Polyplex Corporation Limited. Our responsibility is to express an opinion on these Financial Statements based on our audit. We conducted our audit in accordance with the Generally Accepted Auditing Standards in India. These standards require that we plan and perform the audit to obtain reasonable assurance whether the Financial Statements are prepared, in all material respect, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall Financial Statements. We believe that our audit provides a reasonable basis for our opinion.

3. (a) We did not audit the Financial Statements of the foreign subsidiaries M/s Polyplex (Asia) Pte. Limited, Polyplex (Thailand) Public Company Limited, Polyplex (Singapore) Pte. Limited, Polyplex (Americas) Inc., Polyplex Europa Polyster Film Sanayi Ve Ticaret A.S., Polyplex (America) Holdings Inc., Polyplex (USA) LLC., PAR LLC and Polyplex Resins Sanayi Ve Ticaret Anonim Sirketi whose Financial Statements reflect total assets of Rs.3,27,895.53 Lacs as at 31st March 2012 and the total revenues of Rs.1,91,610.50 Lacs for the year then ended. These Financial Statements have been audited by other auditors, as per applicable GAAP in their respective country, whose report has been furnished to us, and our opinion, in so far as it relates to the amounts includes in respects of the subsidiaries, is based solely on the report of the other auditors.

   (b) We did not audit the Financial Statements of the foreign subsidiary Polyplex Trading (Shenzhen) Co. Limited whose unaudited Financial Statements reflect total assets of Rs.464.68 Lacs as at 31st March 2012 and total revenues of Rs. 557.05 Lacs for the year then ended. The said Financial Statements, which were furnished to us by the Management, were unaudited. We are unable to express an opinion on true and fair view in so far it relates to amounts considered in the Financial Statements for the reason as stated above.

4. Attention is invited to Note No. 27E (iii) regarding Capitalization of Foreign Currency Derivative Loss/Gain incurred in relation to import of capital goods as explained in the said note.

5. We report that the Consolidated Financial Statements have been prepared by the Management of the Company in accordance with the requirements of Accounting Standard (AS) 21, "Consolidated Financial Statements", and other Accounting Standards issued by the Institute of Chartered Accountants of India.

   On the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited Financial Statements of the Polyplex Corporation Limited and its subsidiaries, read together with the Notes to Accounts of Consolidated Financial Statements, we are of the opinion that :

   a) the Consolidated Balance Sheet gives a true and fair view of the consolidated State of Affairs of Polyplex Corporation Limited and its Subsidiaries as at 31st March 2012;

   b) the Consolidated Statement of Profit and Loss gives a true and fair view of the Consolidated Results of operations of Polyplex Corporation Limited and its Subsidiaries for the year then ended; and

   c) the Consolidated Cash Flow Statement gives a true and fair view of the Consolidated Cash Flows of Polyplex Corporation Limited and its Subsidiaries for the year then ended.

For **Lodha & Co.,**
Chartered Accountants
(Firm Regn. No. 301051E)

N.K. Lodha
Partner
Membership No. 85155

Place : New Delhi
Date : May 29, 2012

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2012

		NOTE	As at March 31, 2012 (Rs. in Lacs)	As at March 31, 2011 (Rs. in Lacs)
I	**EQUITY AND LIABILITIES**			
	Shareholders' Funds			
	Share Capital	2	3,256.32	3,256.32
	Reserves and Surplus	3	186,696.60	157,371.03
	Minority Interest		61,119.45	58,781.74
	Non-Current Liabilities			
	Long Term Borrowings	4	47,328.76	49,243.88
	Deferred Tax Liability (Net)	5	1,280.39	4,281.50
	Long Term Provisions	6	219.62	97.47
	Current Liabilities			
	Short Term Borrowings	7	11,660.19	12,767.36
	Trade Payables		18,249.19	20,517.18
	Other Current Liabilities	8	20,030.95	15,221.37
	Short Term Provisions	9	1,500.76	2,610.78
		TOTAL	351,342.23	324,148.63
II	**ASSETS**			
	Non-Current Assets			
	Fixed Assets			
	Tangible Assets	10	153,837.78	137,249.64
	Intangible Assets	10	73.34	118.63
	Capital Work-in-Progress		9,021.44	11,227.69
	Goodwill on Consolidation		63.99	57.02
	Non-Current Investments	11	1,026.61	9.88
	Long Term Loans and Advances	12	8,540.99	8,152.94
	Other Non-Current Assets	13	50.57	79.45
	Current Assets			
	Current Investments	14	1,880.00	2,837.50
	Inventories	15	37,551.03	37,896.65
	Trade Receivables	16	27,102.42	33,243.71
	Cash & Bank Balances	17	100,403.68	86,077.94
	Short Term Loans and Advances	18	11,684.29	7,139.93
	Other Current Assets	19	106.09	57.65
		TOTAL	351,342.23	324,148.63
	Significant Accounting Policies and other explanatory notes are integral part of Financial Statements	1, 27		

As per our report of even date attached
For **Lodha & Co.,**
Chartered Accountants
(Firm Regn. No : 301051E)

N. K. Lodha
Partner
Membership No. 85155

Manish Gupta
Chief Financial Officer

Sanjiv Saraf
Chairman

Jitender Balakrishnan
O.P. Mehra
B.K. Soni
Suresh I. Surana
Directors

Place : New Delhi
Date : May 29, 2012

A.K. Gurnani
Company Secretary

Ranjit Singh
Whole-Time Director

Place : NOIDA
Date : May 29, 2012

CONSOLIDATED PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED ON MARCH 31, 2012

		NOTE	CURRENT YEAR (Rs. in Lacs)	PREVIOUS YEAR (Rs. in Lacs)
I	**Revenue from Operations**	20	242,592.58	244,114.01
II	**Other Income**	21	6,225.91	1,920.71
III	**Total Revenue (I + II)**		248,818.49	246,034.72
IV	**Expenses**			
	Cost of Material Consumed	22	138,969.85	116,741.39
	Purchases of Stock-in-trade		5,001.85	1,283.05
	Changes in Inventory	23	5,090.63	(13,710.33)
	Employee Benefits Expense	24	13,132.46	12,144.39
	Finance Costs	25	4,139.59	4,734.18
	Depreciation & Amortisation		13,082.12	8,387.28
	Other Expenses	26	39,536.63	38,613.75
	Total Expenses		218,953.13	168,193.71
V	**Profit before Exceptional Items and Tax (III - IV)**		29,865.36	77,841.01
VI	**Exceptional Items (gain)/loss (Refer Note No: 27G)**		11,045.78	(63,687.01)
VII	**Profit before Tax (V - VI)**		18,819.58	141,528.02
VIII	**Tax Expense**			
	Current Tax - MAT		1,203.79	6,582.79
	MAT Credit Entitlement		(232.09)	-
	Deferred Tax		(3,001.09)	1,330.71
	Prior Period Adjustment - Tax		40.02	(39.11)
	Total		(1,989.37)	7,874.39
IX	**Profit for the Year before Minority Interest (VII - VIII)**		20,808.95	133,653.63
X	**Less: Minority Interest**		11,410.52	28,096.69
XI	**Profit After Tax for the Year after Minority Interest (IX - X)**		9,398.43	105,556.94
XII	**Earnings Per Share (in Rupees)**			
	– Basic		29.38	330.03
	– Diluted		29.38	330.03
	Significant Accounting Policies and other explanatory notes are integral part of Financial Statements	1, 27		

As per our report of even date attached
For **Lodha & Co.,**
Chartered Accountants
(Firm Regn. No : 301051E)

N. K. Lodha
Partner
Membership No. 85155

Manish Gupta
Chief Financial Officer

Sanjiv Saraf
Chairman

Jitender Balakrishnan
O.P. Mehra
B.K. Soni
Suresh I. Surana
Directors

Place : New Delhi
Date : May 29, 2012

A.K. Gurnani
Company Secretary

Ranjit Singh
Whole-Time Director

Place : NOIDA
Date : May 29, 2012

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

	2011-12 (Rs. in Lacs)		2010-11 (Rs. in Lacs)	
A. CASH FLOW FROM OPERATING ACTIVITIES :				
Net Profit Before Tax		**18,819.58**		141,528.02
Adjusted for: -				
Depreciation/Amortization	**13,149.24**		8,448.51	
Provision for Doubtful Debts/Bad Debts written off	**20.82**		51.91	
Interest Expense	**4,139.59**		4,734.18	
Interest Income	**(2,858.24)**		(868.98)	
Decrease of Inventory to Net Realisable Value	**44.93**		—	
(Gain)/Loss on Sale of Investment in Subsidiary Company*	—		(63,687.01)	
Unrealised Foreign Exchange (Gain)/Loss	**701.40**		(24.25)	
Excess Provision/Sundry Balances written back	**(916.55)**		(75.87)	
Provision for Doubtful Debts written back	**(10.00)**		(23.33)	
Inventory writen off	—		966.34	
Loss/(Gain) on Sale of Fixed Assets (Net)	**2.85**		(4.41)	
Asset written off	**48.14**		190.11	
Profit on Sale of Investments	**(128.47)**		(65.17)	
		14,193.71		(50,357.97)
Operating Profit before Working Capital changes		**33,013.29**		91,170.05
Adjusted for: -				
Trade and Other Receivables	**2,126.18**		(19,237.14)	
Inventories	**300.70**		(22,000.58)	
Trade Payables	**905.52**	**3,332.40**	4,883.37	(36,354.35)
Cash Generated from Operations		**36,345.69**		54,815.70
Exceptional Items		**11,045.78**		—
Taxes Paid		**(1,137.35)**		(6,125.62)
Net Cash from Operating Activities		**46,254.12**		48,690.08
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	**(25,934.01)**		(5,175.13)	
Capital Work-in-Progress Including Advances	**1,365.30**		(9,398.41)	
Sale of Fixed Assets	**1,150.55**		1,358.31	
Sale of Long Term Investments	**7.38**		—	
Purchase of Long Term Investments	**(1,024.11)**		—	
Purchase of Short Term Investments	**(224,717.34)**		(151,215.44)	
Redemption of Long Term Investments	**(3,966.98)**		63,687.01	
Sale of Short Term Investments- MF	**225,803.30**		151,280.62	
Increase in Minority Interest (Net of Dividend Paid)	**(9,072.81)**		9,696.63	
Interest/Dividend Received	**2,825.49**		867.03	
Net Cash used in Investing Activities		**(33,563.23)**		61,100.62

	2011-12 (Rs. in Lacs)		2010-11 (Rs. in Lacs)	
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from Long Term Borrowings	**12,350.81**		5,849.99	
Repayment of Long Term Borrowings	**(14,831.66)**		(22,380.50)	
Net Proceeds from Short Term Borrowings	**(1,107.18)**		5,311.65	
Interest paid	**(4,079.99)**		(4,717.73)	
Dividends paid	**(2,227.25)**		(1,952.52)	
Tax on Distributed Profits	**(363.21)**		(631.30)	
Net Cash used in Financing Activities		**(10,258.48)**		(18,520.40)
D. CHANGE IN CURRENCY FLUCTUATION RESERVE				
ARISING ON CONSOLIDATION		**11,893.33**		(18,122.39)
Net Increase in Cash and Cash Equivalents		**14,325.74**		73,147.91
Cash and Cash Equivalents at the beginning of the year	**20,533.77**		12,857.25	
Other Bank Balances at the beginning of the year	**65,544.17**		72.78	
Total Cash & Bank Balances at the beginning of the year		**86,077.94**		12,930.03
Cash and Cash Equivalents at the end of the year	**35,086.21**		20,533.77	
Other Bank Balances at the end of the year	**65,317.47**		65,544.17	
Total Cash & Bank Balances at the end of the year		**100,403.68**		86,077.94

* Represents (gain)/loss on account of sale of shares in a subsidiary.

NOTES :

1. Cash and cash equivalent represents cash and bank balances as per Note No. 17.
2. Previous Year figures are regrouped wherever necessary.

As per our report of even date attached
For **Lodha & Co.,**
Chartered Accountants
(Firm Regn. No : 301051E)

N. K. Lodha
Partner
Membership No. 85155

Manish Gupta
Chief Financial Officer

Sanjiv Saraf
Chairman

Jitender Balakrishnan
O.P. Mehra
B.K. Soni
Suresh I. Surana
Directors

Place : New Delhi
Date : May 29, 2012

A.K. Gurnani
Company Secretary

Ranjit Singh
Whole-Time Director

Place : NOIDA
Date : May 29, 2012

NOTE 1

SIGNIFICANT ACCOUNTING POLICIES

BASIS OF CONSOLIDATION

(a) The Financial Statements of the Company and its subsidiary companies have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses as per Accounting Standard 21 – Consolidated Financial Statements issued by The Institute of Chartered Accountants of India.

(b) **Accounting Assumption**
The Consolidated Financial Statements have been prepared using uniform accounting policies, in accordance with the Generally Accepted Accounting Principles (GAAP). However, in respect of the subsidiaries, these Financial Statements are prepared in conformity with Generally Accepted Accounting Principles in the respective countries on accrual basis. Accordingly, the Financial Statements are intended solely to present the financial position, results of operations and cash flows in accordance with the Generally Accepted Accounting Principles and Practices.

(c) Operations of foreign subsidiaries have been considered non-integral by the Management; thus all assets and liabilities are converted at the rates prevailing at the end of the year and revenue items have been consolidated at the average rate prevailing during the year. Exchange gain/loss arising on translation of Financial Statements of foreign subsidiaries is shown under the head 'Foreign Currency Translation Reserve' in the Consolidated Balance Sheet.

(d) The excess of cost to the Company, of its investment in the subsidiary companies, over the Company's portion of equity is recognised in the Financial Statement as Goodwill.

(e) The Consolidated Financial Statements (CFS) comprise the Financial Statements of Polyplex Corporation Limited (PCL) and its wholly owned or controlled subsidiaries as on 31.03.2012, as given below:

Name of the Company	Country of Incorporation	% Shareholding & Voting Power
Polyplex (Asia) Pte. Limited (PAPL)	Singapore	100%
Polyplex (Thailand) Public Company Limited (PTL)	Thailand	51% *
Polyplex (Singapore) Pte. Limited (PSPL)	Singapore	100% **
Polyplex Europa Polyester Film Sanayi Ve Ticaret A.S. (PE)	Turkey	100% ***
Polyplex (Americas) Inc. (PA)	U.S.A.	90.12% ****
Polyplex Trading (Shenzhen) Co. Limited (PTSL)	China	100% *****
PAR LLC (PAR)#	U.S.A	100% ******
Polyplex Resins Sanayi Ve Ticaret A.S, (PR)##	Turkey	100% ******
Polyplex America Holdings Inc. (PAH)###	U.S.A	100% **
Polyplex USA LLC (PU)####	U.S.A	100% *******

* Includes 145 (Previous Year 145) ordinary shares not registered in the name of the Company, beneficial interest being held by PCL and PAPL.
** 100% subsidiary of PTL.
*** 100% subsidiary of PSPL. Includes 4 shares not registered in the name of the PSPL, beneficial interest being held by PSPL.
**** 80.24% shares being held by PTL and 9.88% shares being held by PCL.
***** 100% Subsidiary of PSPL
****** 100% Subsidiary of PAPL
******* 100% Subsidiary of PAH
\# Incorporated as wholly owned subsidiary of Polyplex (Asia) Pte. Limited (PAPL) on May 6, 2011.
\## Incorporated as wholly owned subsidiary of Polyplex (Asia) Pte. Limited (PAPL) on December 1, 2011. Includes 4 shares not registered in the name of the PAPL, beneficial interest being held by PAPL.
\### Incorporated as wholly owned subsidiary of Polyplex (Thailand) Public Company Limited (PTL) on July 18, 2011.
\#### Incorporated as wholly owned subsidiary of Polyplex America Holdings Inc. (PAH) on July 18, 2011.

(f) Accounting Policies and Notes to Accounts of the Financial Statements of the Company and its Subsidiaries are set out in their respective Financial Statements.

(g) The policy for depreciation adopted by Polyplex Corporation Limited (PCL) is Written Down Value (WDV) method, at the rates and in manner prescribed in Schedule XIV to the Companies Act, 1956.

The policy adopted by different subsidiaries on depreciation is enumerated below:-

(i) PTL (including subsidiaries):

Land is stated at cost. Buildings and equipments are stated at cost less accumulated depreciation and allowance for loss on impairment assets (if any).

Depreciation of buildings and building improvements, machinery and equipment is calculated by reference to their costs on the Straight Line Method. Depreciation of other equipment is calculated on the sum of the year digits basis. The estimated useful lives of plant and equipment are as follows:

Building & Improvements	20, 50 years
Machinery & Equipment	4-20 years
Furniture, fixtures and office equipments	3-10 years
Motor Vehicles	5-7 years

Depreciation is included in determining income. No depreciation is provided on land, machinery in transit, and assets under installation and construction.

(ii) PAPL:

Depreciation on computer begins when the assets are available for use and is calculated on the Straight Line Method over its estimated useful life of 4 years.

(iii) PAR LLC:

Depreciation on Furniture & Equipment is provided for under the straight-line methods at rates sufficient to amortise the related costs over the estimated useful lives of the respective assets, which range from 3-7 Years, at such time the property becomes classified as business property.

(iv) PR:

Depreciation on Property, Plant & Equipment is charged to profit or loss on a Straight Line Method over the estimated useful lives of the related assets.

(h) In case of PTL, front-end fee of the loan paid to financial institution is deferred and amortized on a Straight-Line Method over the period of loan agreement.

(i) Employees Benefits

The policy on employees benefits differ in case of PE and PR where in accordance with the existing social legislation in Turkey, the Company is required to make lump-sum payments to employees whose employment is terminated due to retirement or for reasons other than resignation or misconduct. The computation of liability is based upon the retirement pay ceiling announced by the Government. Such payments are calculated on the basis of 30 days' pay, (limited to a maximum of EUR 1,185 at March 31, 2012) per year of employment at the rate of pay applicable at the date of retirement or termination.

In case of PA, the employees of the Company are entitled to paid vacations, paid sick days and personal days off. The accrual cannot be reasonably estimated, and accordingly, no liability has been recorded in the accompanying Financial Statements. The Company's policy is to recognize the cost of compensated absence when actually paid to employees.

(j) Foreign Currency Transaction

In case of PTL (Including Subsidiaries), PAPL and PR, gain/loss on exchange difference (including derivative instruments) are transferred to Statement of Profit & Loss.

(k) Certain policies such as depreciation, deferred charges, employees benefits & foreign currency transactions (as stated above), differ from those followed by the Holding Company. The impact of the above differences has not been computed.

NOTE 2

SHARE CAPITAL

	As at March 31, 2012 (Rs. in Lacs)	As at March 31, 2011 (Rs. in Lacs)
AUTHORISED		
3,40,00,000 (Previous Year – 3,40,00,000) Equity Shares of Rs.10 each	**3,400.00**	3,400.00
ISSUED AND SUBSCRIBED		
3,31,80,300 (Previous Year – 3,31,80,300) Equity Shares of Rs.10 each	**3,318.03**	3,318.03
PAID-UP		
3,19,84,600 (Previous Year – 3,19,84,600) Equity Shares of Rs.10 each	**3,198.46**	3,198.46
Add: Forfeited Shares (Amount originally paid up)	**57.86**	57.86
TOTAL	**3,256.32**	3,256.32

RECONCILIATION OF NUMBER OF SHARES

	No. of Shares	No. of Shares
Shares outstanding as at the beginning of the year	**31,984,600**	15,992,300
Additions during the year (Bonus Shares)	—	15,992,300
Shares outstanding as at the end of the year	**31,984,600**	31,984,600

SHAREHOLDERS HOLDING MORE THAN 5% SHARES

	As at March 31, 2012 No. of Shares	As at March 31, 2011 No. of Shares
Mahalaxmi Trading & Investment Company Limited	**7,622,390**	7,622,390
Secure Investments Limited	**5,535,744**	5,535,744
ICICI Prudential (Tax Plan + Child Care Plan)	**1,837,689**	—
Mr. Ricky Ishwardas Kirpalani	**1,604,663**	—

AGGREGATE NUMBER OF EQUITY SHARES ALLOTTED AS FULLY PAID UP BY WAY OF BONUS SHARES	—	—

2010-11	2009-10	2008-09	2007-08	2006-07
15,992,300	—	—	—	—

RIGHTS ATTACHED TO THE SHARES

The Company has only one class of Equity Shares of par value of Rs.10/- per share. Each holder of Equity Share is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by Board of Directors is subject to the approval of shareholders in ensuing Annual General Meeting.

In the event of liquidation of the Company, the holder of Equity Shares will be entitled to receive remaining assets of the Company after distribution of all preferential amount and the remaining balance is distributed in proportion to the number of Equity Shares held by the Equity Shareholders.

NOTE 3

RESERVES & SURPLUS

		As at March 31, 2012 (Rs. in Lacs)	As at March 31, 2011 (Rs. in Lacs)
CAPITAL RESERVE			
Central Investments Subsidy			
As per last Balance Sheet		25.00	25.00
Addition during the year		60.00	—
State Investments Subsidy		30.00	30.00
Share Warrants Forfeited		250.80	250.80
Others		58.36	58.36
	Sub Total (a)	424.16	364.16
SECURITIES PREMIUM RESERVE			
As per last Balance Sheet		12,634.42	17,251.33
Less : Bonus Shares Issued		—	1,599.23
Add : Updation on Translation Adjustment		2,467.60	1,163.44
Less : Minority Interest		1,209.21	4,181.12
	Sub Total (b)	13,892.81	12,634.42
LEGAL RESERVE*			
As per last Balance Sheet		1,412.82	1,331.33
Updation on Translation Adjustment		172.86	81.49
	Sub Total (c)	1,585.68	1,412.82
GENERAL RESERVE			
As per last Balance Sheet		4,147.20	2,367.20
Transferred from Profit & Loss Statement		760.00	1,780.00
	Sub Total (d)	4,907.20	4,147.20
SURPLUS AS PER PROFIT & LOSS STATEMENT			
Surplus Bought Forward		143,226.72	43,170.82
Add: Profit as per Profit & Loss Statement		9,398.43	105,556.94
Less: Transferred to General Reserve		760.00	1,780.00
Interim Dividend		—	959.54
Corporate Dividend Tax - Interim Dividend		—	159.37
Proposed Dividend		1,279.38	2,238.92
Corporate Dividend Tax - Proposed Dividend		207.55	363.21
	Sub Total (e)	150,378.22	143,226.72
FOREIGN EXCHANGE TRANSLATION RESERVE (Including surplus/deficit arisen on Consolidation)			
As per last Balance Sheet		(4,414.29)	158.62
Addition during the year		17,398.91	(6,854.07)
Less : Minority Interest		(2,523.91)	(2,281.16)
	Sub Total (f)	15,508.53	(4,414.29)
	TOTAL (a+b+c+d+e+f)	186,696.60	157,371.03

* Legal Reserve is set up by Polyplex (Thailand) Public Company Limited (Subsidiary Company) as per applicable GAAP. Legal Reserve is not available for dividend distribution.

NOTE 4

LONG TERM BORROWINGS

		As at March 31, 2012 (Rs. in Lacs)	As at March 31, 2011 (Rs. in Lacs)
SECURED TERM LOANS FROM BANKS			
Rupee Term Loan		**6,675.00**	13,962.00
Foreign Currency Term Loan		**53,986.57**	46,096.92
Other Loans		**1.34**	6.78
	Sub Total (a)	**60,662.91**	60,065.70
LESS: CURRENT PORTION			
Rupee Term Loan		**2,900.00**	2,532.00
Foreign Currency Term Loan		**10,432.81**	8,284.38
Other Loans		**1.34**	5.44
	Sub Total (b)	**13,334.15**	10,821.82
	TOTAL (a - b)	**47,328.76**	49,243.88

Notes in respect of security clause, are disclosed in separate respective Financial Statements of the Company and its subsidiaries.

NOTE 5

DEFERRED TAX LIABILITY (Net)

		As at March 31, 2012 (Rs. in Lacs)	As at March 31, 2011 (Rs. in Lacs)
DEFERRED TAX ASSET			
Disallowances under the Income Tax Act, 1961		**(24.16)**	(22.30)
DEFERRED TAX LIABILITY			
Disallowances on Account of Depreciation		**1,304.55**	4,303.80
	TOTAL	**1,280.39**	4,281.50

NOTE 6

LONG TERM PROVISIONS

	Non-Current Amount		Current Amount	
	As at March 31, 2012 (Rs. in Lacs)	As at March 31, 2011 (Rs. in Lacs)	As at March 31, 2012 (Rs. in Lacs)	As at March 31, 2011 (Rs. in Lacs)
Provision for Retirement Benefits	**219.62**	97.47	**11.49**	4.50
Total	**219.62**	97.47	**11.49**	4.50

NOTE 7

SHORT TERM BORROWINGS

		As at March 31, 2012 (Rs. in Lacs)	As at March 31, 2011 (Rs. in Lacs)
SECURED LOANS			
Loans from Banks repayable on demand		8,193.75	7,111.11
Buyer's Credit		2,042.16	5,656.25
	Sub Total (a)	10,235.91	12,767.36
UNSECURED LOANS			
Loans from Banks repayable on demand		1,424.28	—
	Sub Total (b)	1,424.28	—
	TOTAL (a+b)	11,660.19	12,767.36

Notes in respect of security clause, are disclosed in separate respective Financial Statements of the Company and its subsidiaries.

NOTE 8

OTHER CURRENT LIABILITIES

		As at March 31, 2012 (Rs. in Lacs)	As at March 31, 2011 (Rs. in Lacs)
Current maturity of long term debt		13,334.15	10,821.82
Interest accrued but not due on borrowing		319.65	260.05
Unpaid Dividend		101.84	90.17
Other Security Deposits		106.58	50.03
Statutory Liabilities		382.87	245.48
Advance from Customers		2.38	—
Other Liabilities		5,783.48	3,753.82
	TOTAL	20,030.95	15,221.37

NOTE 9

SHORT TERM PROVISIONS

		As at March 31, 2012 (Rs. in Lacs)	As at March 31, 2011 (Rs. in Lacs)
Provision for Wealth Tax		2.35	4.15
Provision for Retirement Benefits		11.48	4.50
Proposed Dividend		1,279.38	2,238.92
Corporate Dividend Tax		207.55	363.21
	TOTAL	1,500.76	2,610.78

NOTE 10

FIXED ASSETS

(Rs. in Lacs)

Particulars	GROSS BLOCK				DEPRECIATION & AMORTISATION				NET BLOCK	
	As at April 01, 2011	Additions during the year	Sale/ adjust-ments*	**As at March 31, 2012**	As at April 01, 2011	For the year	Sale/ adjust-ments	**As at March 31, 2012**	**As at March 31, 2012**	As at March 31, 2011
TANGIBLE ASSETS										
Freehold Land	5,876.95	1,164.66	(551.31)	**7,592.92**	—	—	—	—	**7,592.92**	5,876.95
Leasehold Land	472.59	—	—	**472.59**	78.76	5.25	—	**84.01**	**388.58**	393.83
Buildings	25,603.49	3,897.39	(1,640.93)	**31,141.81**	3,258.37	1,847.82	(237.59)	**5,343.78**	**25,798.03**	22,345.12
Plant & Machinery	142,213.14	22,563.67	(6,947.53)	**171,724.34**	36,650.32	17,388.19	(723.91)	**54,762.42**	**116,961.92**	105,562.82
Electrical Installations	1,993.87	30.17	0.32	**2,023.72**	339.59	357.79	0.03	**697.35**	**1,326.37**	1,654.28
Furniture & Fixtures	1,289.34	357.64	106.03	**1,540.95**	630.56	131.09	(193.41)	**955.06**	**585.89**	658.78
Office Equipments	1,119.34	222.68	(220.77)	**1,562.79**	650.31	242.19	126.87	**765.63**	**797.16**	469.03
Vehicles	717.45	136.21	(121.15)	**974.81**	428.62	119.44	(39.84)	**587.90**	**386.91**	288.83
TOTAL	**179,286.17**	**28,372.42**	**(9,375.34)**	**217,033.93**	**42,036.53**	**20,091.77**	**(1,067.85)**	**63,196.15**	**153,837.78**	137,249.64
Previous Year	169,579.07	6,259.89	(3,447.21)	179,286.17	34,005.86	8,352.11	321.43	42,036.53	137,249.64	135,573.23
INTANGIBLE ASSETS										
Computer Software	151.76	72.11	(11.77)	**235.64**	33.13	69.12	(60.05)	**162.30**	**73.34**	118.63
Total	151.76	72.11	(11.77)	**235.64**	33.13	69.12	(60.05)	**162.30**	**73.34**	118.63
Previous Year	105.62	97.70	51.56	**151.76**	50.36	35.17	52.40	**33.13**	**118.63**	55.26
Grand Total - Current Year	**179,437.93**	**28,444.53**	**(9,387.11)**	**217,269.57**	**42,069.66**	**20,160.89**	**(1,127.90)**	**63,358.45**	**153,911.12**	**137,368.27**
Grand Total - Previous Year	169,684.69	6,357.59	(3,395.65)	179,437.93	34,056.22	8,387.28	373.84	42,069.66	137,368.27	135,628.48

Note: * Sale/Adjustment includes adjustment of foreign exchange fluctuation gain of Rs.12,471.91 Lacs. (Previous Year gain of Rs. 5,313.50 Lacs)

NOTE 11

NON-CURRENT INVESTMENTS

(At Cost Less Provision)
(Long Term Investment - Other than Trade)

	Face Value	As at March 31, 2012 No. of Shares	As at March 31, 2012 (Rs. in Lacs)	As at March 31, 2011 No. of Shares	As at March 31, 2011 (Rs. in Lacs)
Unquoted - Equity/Ordinary Shares					
(Fully Paid up unless otherwise stated)					
INVESTMENT IN OTHER COMPANIES					
Beehive Technologies Private Limited	Rs.10	—	—	69,800	6.98
Excel International Private Limited	Rs.10	—	—	4,020	0.40
Bhilangana Hydro Power Limited	Rs.10	**25,000**	**2.50**	25,000	2.50
INVESTMENT IN PROPERTY					
Investment in Property			**1,024.11**		—
	TOTAL		**1,026.61**		9.88

Note:
- Aggregate of Unquoted Investments (At Cost Less Provision) **2.50** 9.88
- Investment in property is recorded at cost.

NOTE 12

LONG TERM LOANS AND ADVANCES

		As at March 31, 2012 (Rs. in Lacs)	As at March 31, 2011 (Rs. in Lacs)
Capital advances to Vendors		**7,905.46**	7,064.51
Security Deposits		**635.53**	1,088.43
	TOTAL	**8,540.99**	8,152.94

NOTE 13

OTHER NON-CURRENT ASSETS

		As at March 31, 2012 (Rs. in Lacs)	As at March 31, 2011 (Rs. in Lacs)
Export Incentives		**0.73**	14.44
Miscellaneous Expenditure (to the extent not written off)		**49.84**	65.01
	TOTAL	**50.57**	79.45

NOTE 14

CURRENT INVESTMENTS
(Other than Trade)
Unquoted - Other than Shares)

		As at March 31, 2012 (Rs. in Lacs)	As at March 31, 2011 (Rs. in Lacs)
INVESTMENT IN MUTUAL FUNDS - UNITS			
Units		**1,880.00**	2,837.50
	TOTAL	**1,880.00**	2,837.50

NOTE 15

INVENTORIES
(as valued and certified by the Management)
(at lower of cost and net realisable value)

		As at March 31, 2012 (Rs. in Lacs)	As at March 31, 2011 (Rs. in Lacs)
Raw Materials (including stock in transit of Rs.1,145.43 Lacs, Previous Year – Rs. 1,227.73 Lacs)		**14,746.60**	10,972.39
Stock in Process		**5,150.94**	6,220.12
Finished Goods (including stock in transit of Rs.3,260.60 Lacs, Previous Year – Rs. 5,807.03 Lacs)		**13,836.70**	17,314.24
Stores & Spares		**3,816.79**	3,389.90
	TOTAL	**37,551.03**	37,896.65

NOTE 16

TRADE RECEIVABLES
(Unsecured, considered good unless otherwise stated)

		As at March 31, 2012 (Rs. in Lacs)	As at March 31, 2011 (Rs. in Lacs)
DEBTS OUTSTANDING FOR A PERIOD EXCEEDING SIX MONTHS FROM THE DUE DATE			
Considered Good		**35.94**	59.65
Considered Doubtful		**63.79**	32.95
Less: Provision for Doubtful Debts		**(63.79)**	(32.95)
OTHER DEBTS			
Unsecured, Considered Good		**27,066.48**	33,184.06
	TOTAL	**27,102.42**	33,243.71

NOTE 17

CASH AND BANK BALANCES

	As at March 31, 2012 (Rs. in Lacs)	As at March 31, 2011 (Rs. in Lacs)
CASH AND CASH EQUIVALENTS		
Cash on hand	**51.38**	101.40
Cheques in hand	**38.98**	66.59
BANK BALANCE WITH SCHEDULED BANKS		
Current Accounts	**859.23**	480.44
Fixed Deposits with origin less than three months	**4,500.00**	13,911.64
BANK BALANCE WITH NON-SCHEDULED BANKS		
Current Accounts	**9,210.26**	5,973.70
Fixed Deposits with origin less than three months	**20,426.36**	—
Sub-Total (a)	**35,086.21**	20,533.77
EARMARKED BALANCES WITH BANKS		
Unpaid Dividend Accounts	**101.74**	90.08
Sub-Total (b)	**101.74**	90.08
OTHER BANK BALANCES		
Fixed Deposits (Pledged with Banks)	**65.40**	111.55
Fixed Deposits with origin more than three months	**26,941.65**	63,559.05
Fixed Deposits with origin more than one year	**38,208.68**	1,783.49
Sub-Total (c)	**65,215.73**	65,454.09
TOTAL (a+b+c)	**100,403.68**	86,077.94

NOTE 18

SHORT TERM LOANS AND ADVANCES

(Unsecured, considered good unless otherwise stated)

	As at March 31, 2012 (Rs. in Lacs)	As at March 31, 2011 (Rs. in Lacs)
Loans and Advances to Related Party	**20.25**	27.00
Advances to Vendors	**7,712.13**	4,915.44
Export Benefit Receivables	**736.87**	164.81
Prepaid Expenses	**559.17**	143.49
Intercorporate Deposit	**1,000.00**	—
Deposits with Government Authorities & Others	**165.58**	128.49
Advance Tax (Net of Provisions)	**24.64**	132.89
MAT Credit Entitlement	**232.09**	—
Balance with Customs & Excise	**1,233.56**	1,627.81
TOTAL	**11,684.29**	7,139.93

NOTE 19

OTHER CURRENT ASSETS

		As at March 31, 2012 (Rs. in Lacs)	As at March 31, 2011 (Rs. in Lacs)
Discarded Plant & Machinery held for Sale		**106.09**	57.65
	TOTAL	**106.09**	57.65

NOTE 20

REVENUE FROM OPERATIONS

		As at March 31, 2012 (Rs. in Lacs)	As at March 31, 2011 (Rs. in Lacs)
SALES			
Plastic Films		**242,210.92**	242,096.63
Others		**3,296.88**	4,137.19
	TOTAL	**245,507.80**	246,233.82
Less: Excise Duty		**(3,931.16)**	(2,901.81)
Net Sales		**241,576.64**	243,332.01
OTHER OPERATING INCOME			
Liabilities written back		**916.55**	99.20
Provision for doubtful debts written back		**10.00**	—
Insurance claims received		**89.39**	682.80
	TOTAL	**242,592.58**	244,114.01

NOTE 21

OTHER INCOME

		As at March 31, 2012 (Rs. in Lacs)	As at March 31, 2011 (Rs. in Lacs)
Rental Income		**225.61**	139.54
Profit on Sale of Current Investments		**128.47**	65.17
Prior Period Income (Net)		**2.17**	18.82
Foreign Exchange Fluctuation (Net)		**2,521.82**	773.95
Interest Income		**2,858.24**	868.98
Profit on Sale of Fixed Assets		—	22.34
Miscellaneous Income		**489.60**	31.91
	TOTAL	**6,225.91**	**1,920.71**

NOTE 22

COST OF MATERIAL CONSUMED

		As at March 31, 2012 (Rs. in Lacs)	As at March 31, 2011 (Rs. in Lacs)
Raw Material		**131,095.65**	109,932.20
Packing Material		**7,874.20**	6,809.19
	TOTAL	**138,969.85**	116,741.39

NOTE 23

CHANGES IN INVENTORY

	As at March 31, 2012 (Rs. in Lacs)	As at March 31, 2011 (Rs. in Lacs)
OPENING STOCK		
Finished Goods	**17,314.24**	6,911.04
Stock in Process - Others	**3,670.14**	1,352.82
Stock in Process - Chips	**2,080.01**	1,113.25
Stock in Process - Thermal Lamination	**469.96**	358.82
	23,534.35	9,735.93
Add: Transfer from Preoperative Process	**262.73**	—
CLOSING STOCKS		
Finished Goods	**13,519.07**	17,314.24
Stock in Process - Others	**2,999.12**	3,670.14
Stock in Process - Chips	**1,583.11**	2,080.01
Stock in Process - Thermal Lamination	**568.71**	469.96
	18,670.01	23,534.35
Add : Increase/(Decrease) in Excise Duty on Stocks	**(36.44)**	88.09
Net Changes in Inventory	**5,090.63**	(13,710.33)

NOTE 24

EMPLOYEE BENEFITS EXPENSE

		As at March 31, 2012 (Rs. in Lacs)	As at March 31, 2011 (Rs. in Lacs)
Salaries, Wages, Bonus etc		**11,104.60**	10,429.40
Contribution to Provident and other Funds		**752.01**	599.89
Staff Welfare Expenses		**1,275.85**	1,115.10
	TOTAL	**13,132.46**	12,144.39

NOTE 25

FINANCE COSTS

	As at March 31, 2012 (Rs. in Lacs)	As at March 31, 2011 (Rs. in Lacs)
Interest expense	3,002.60	4,082.00
Other borrowing cost	381.27	652.18
Applicable net gain/loss on Foreign Currency Transactions and Translations	755.72	(0.00)
TOTAL	4,139.59	4,734.18

NOTE 26

OTHER EXPENSES

	As at March 31, 2012 (Rs. in Lacs)	As at March 31, 2011 (Rs. in Lacs)
MANUFACTURING EXPENSES		
Job work charges	0.27	9.65
Stores & Spares consumed	3,641.89	3,390.91
Power & Fuel	14,390.14	14,757.60
Repairs and Maintenance		
Building	120.32	79.33
Plant & Machinery	1,115.78	1,081.82
Inventory written off (Refer Note 27H)	—	966.34
Sub Total (a)	19,268.40	20,285.65
ADMINISTRATIVE EXPENSES		
Rent	284.18	162.98
Insurance	1,069.53	995.00
Commission to Director	50.00	200.00
Sitting fee to Directors	86.59	93.82
Other Administrative expenses	6,225.71	4,397.03
Sub Total (b)	7,716.01	5,848.83
SELLING EXPENSES		
Freight	9,708.78	9,510.16
Other Selling expenses	2,685.90	2,611.58
Sub Total (c)	12,394.68	12,121.74
OTHER EXPENSES		
Asset written off	48.14	190.11
Loss on Sale of Fixed Assets (Net)	2.85	17.93
Donation	18.62	36.35
Amortisation for Pre-operative expenses	67.12	61.23
Bad Debts	18.69	51.91
Provision for Doubtful Debts	2.12	—
Sub Total (d)	157.54	357.53
TOTAL (a+b+c+d)	39,536.63	38,613.75

NOTE 27

OTHER EXPLANATORY NOTES

A. Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of Advances of Rs. 7,905.45 Lacs , Previous Year - Rs. 7,064.51 Lacs) - Rs. 42,801.18 Lacs (Previous Year - Rs. 24,950.70 Lacs) as provided & certified by Management.

B. Contingent Liabilities not provided for in respect of (as provided & certified by Management):

a) Disputed matters under litigation:

(Rs. in Lacs)

Particulars	Current Year	Previous Year
Sales Tax & Entry Tax	238.87	352.07
Excise Duty & Customs Duty	29.14	22.95
Income Tax	73.54	73.54
Others	18.75	20.71

b) Bills discounted with banks Rs. 871.86 Lacs (Previous Year – Rs. 338.52 Lacs).

c) (i) Custom Duty saved amounting to Rs.2,765.16 Lacs (Previous Year – Rs.4,613.85 Lacs) in respect of import of machinery under Export Promotion Capital Goods (EPCG) Scheme against which export obligation is pending to be fulfilled.

(ii) Import duty saved amounting to Rs.162.43 Lacs (Previous Year – Nil) in respect of goods imported under advance license against which export obligation is pending to be fulfilled.

d) Counter Guarantees given to the banks Rs.32,346.52 Lacs (Previous Year – Rs.20,351.60 Lacs) including Rs. 2.25 Lacs (Previous Year – Rs. 2.25 Lacs) on behalf of other bodies corporate.

e) Service Agreements

Polyplex (Thailand) Public Company Limited

As at 31st March, 2012, the Company had commitments totalling Rs. 3,650.35 Lacs (Previous Year – Rs. 89.95 Lacs) under various service agreements. These agreements terminate between May 2012 and September 2016.

C. Polyplex (Thailand) Public Company Limited

The Company has received promotional privileges from the Board of Investments (BOI) for the manufacture of polyester films, metallized films, extrusion coated films, cast polypropylene films and PET resins. As a promoted company, the Company must comply with certain conditions and restrictions provided for in the promotional certificates.

D. Balances of certain debtors, creditors, other liabilities and loan & advances are in the process of confirmation and/or reconciliation.

E. (i) The Foreign Currency Exposure that are not hedged by a derivative instrument or otherwise are as follows:

POLYPLEX CORPORATION LIMITED

Particulars	Document Currency	Current Year		Previous Year	
		Amount (Fx)	Amount (Rs. Lacs)	Amount (Fx)	Amount (Rs. Lacs)
Loans - Long Term	USD	**19,957,443**	**10,211.52**	—	—
	EUR	**17,239,430**	**11,783.20**	19,891,649	12,581.47
	JPY	**840,000,000**	**5,328.12**	1,050,000,000	5,672.10
Loans - Short Term	USD	**6,842,161**	**3,500.89**	13,423,450	5,995.00
	EUR	—	—	1,564,000	989.00
Debtors	USD	**3,430,359**	**1,723.52**	—	—
	EUR	**729,990**	**476.92**	3,305,319	1,983.00
Sundry Creditors	USD	**241,767**	**121.48**	234,662	106.57
	EUR	**359,132**	**237.18**	224,234	137.45
	GBP	—	—	2,240	1.67
Other Liabilities	USD	**103,632**	**51.09**	207,759	92.79
	EUR	—	—	2,850	1.80

(ii) The Foreign Currency Exposure that are hedged by a derivative instrument or otherwise are as follows:

POLYPLEX CORPORATION LIMITED

Particulars	Current Year			Previous Year		
	Contract Sell/Buy	Currency	Amount in (Fx)	Contract Sell/Buy	Currency	Amount in (Fx)
Forward Contracts	USD/INR	**USD**	**43,822**	USD/INR	USD	25,117,703
Forward Contracts	INR/USD	**USD**	**2,167,257**	INR/USD	USD	6,138,600
Forward Contracts	USD/JPY	**JPY**	**33,400,000**	USD/JPY	JPY	150,300,000
Forward Contracts	USD/EUR	—	—	USD/EUR	EUR	7,420,965
SWAP Deal	USD/JPY	**USD**	**8,000,000**	USD/JPY	USD	10,000,000

POLYPLEX (THAILAND) PUBLIC COMPANY LIMITED (INCLUDING SUBSIDIARIES)

Particulars	Current Year			Previous Year		
	Contract Sell/Buy	Currency	Amount in (Fx)	Contract Sell/Buy	Currency	Amount in (Fx)
Forward Contract	Baht/USD	**USD**	**1,620,000**	Baht/USD	USD	2,700,000
	USD/Baht	**USD**	**18,980,000**	USD/Baht	USD	37,820,000
	Baht/CHF	**Swiss Franc**	**1,350,000**	Baht/CHF	Swiss Franc	2,210,000
	USD/CHF	**Swiss Franc**	—	USD/CHF	Swiss Franc	490,000
	Baht/Euro	**Euro**	**680,000**	Baht/Euro	Euro	840,000
	Euro/Baht	**Euro**	**2,350,000**	Euro/Baht	Euro	3,790,000
	JPY/Baht	**Japenese Yen**	**35,970,000**	JPY/Baht	Japenese Yen	70,330,000
	USD/TL	**Turkish Lira**	**1,700,000**	USD/TL	Turkish Lira	1,200,000
	USD/Euro	**Euro**	**1,000,000**	USD/Euro	Euro	50,000

(iii) Polyplex Corporation Limited took certain option structure, forward and interest rate/currency swap contracts to cover the foreign exchange risk related with the import of fixed assets. During the year, gain (net) of Rs. 377.96 Lacs (Previous Year – gain (net) of Rs. 233.92 Lacs) on foreign exchange derivatives taken for payments to suppliers of imported capital goods and gain (net) of Rs. 43.01 Lacs (Previous Year – loss (net) of Rs. 1.63 Lacs) on mark to market on outstanding derivatives as on 31st March 2012 has been capitalized/shown as part of pre-operative expenses based on expert opinion, as the same is attributable to the fixed assets

F. Payment to Auditors: Current Year Rs. 169.78 Lacs (Previous Year – Rs.125.62 Lacs).

G. (a) During the current year, Polyplex Corporation Limited (PCL) has retrospectively changed its method of providing depreciation on fixed assets pertaining to its plant at Khatima (except Line-1) and Bajpur from Straight Line Method (SLM) to Written Down Value (WDV) method, at the rates prescribed in Schedule XIV to the Companies Act, 1956. This change will result in more appropriate basis of charging depreciation.

This change represents time and pattern in which the economic benefits flow to the Company. Accordingly, the Company has recorded an additional depreciation of Rs.7,078.80 Lacs related to earlier years which has been disclosed as an exceptional item and Rs.3,602.82 Lacs as an additional charge for Current Year. Profit After Tax (PAT) for Current Year would have been higher by Rs.5,807.14 Lacs had the Company continued the use of earlier method of depreciation.

(b) Further during the Current Year, Polyplex (Thailand) Public Company Limited (PTL) received Baht 1,045.6 million equivalent to EURO 26.1 million upon redemption of Preference Shares of Polyplex (Singapore) Pte. Limited (PSPL). This redemption resulted in exchange loss of Baht 253.3 million (Rs.3,966.98 Lacs) which has been disclosed an as exceptional item.

During the Previous Year ended 31st March, 2011, Polyplex (Asia) Pte. Ltd. (PAPL) recorded an exceptional gain of Rs.63,687.01 Lacs on disposal of part of its stake of 53.5% held in Polyplex (Thailand) Public Company Ltd. while retaining the balance stake of 34.5% therein. This gain arising from the stake sale has been shown under exceptional item.

H. In Polyplex (Americas) Inc. (PA), during the quarter ended 31st March 2011, material produced and shipped during that period was received in damaged condition. The inventory in warehouses, produced and shipped during aforesaid period had been written down to its net realisable value. The amount charged to operations was for Rs. 966.34 Lacs.

I. **Operating Lease**

POLYPLEX CORPORATION LIMITED

The Company has taken one premise under operating lease agreement. It is not cancellable for six years and renewable by mutual consent on mutually agreed terms.

(Rs. in Lacs)

Particulars	Current Year	Previous Year
Total lease payment during the year (Recognized in Statement of Profit & Loss)	17.79	16.54
Minimum Lease Payments		
– Not later than one year	18.23	17.37
– Later than one year but not later than five year	22.49	40.73
– Later than five years	NIL	NIL

POLYPLEX (THAILAND) PUBLIC COMPANY LIMITED

The Company has entered into several lease agreements in respect of lease of office building space, motor vehicles and equipment.

Future minimum rental payables under these leases as at 31st March, 2012 are as follows:

(Rs. in Lacs)

Payables within	Current Year	Previous Year
Not later than one year	79.23	14.77
Later than one year but not later than five year	79.86	9.47
Total	159.09	24.24

J. **Geographical Segment :**

Information about Geographical Segment:

(i) Revenues inside India includes sales to customers located within India.

(ii) Revenues outside India include sales to customers located outside India.

(Rs. in Lacs)

	Information about Geographical Segments (by location of customer and assets)	India	Outside India	Total
1	External Revenue - Sales & Other Income	64,001.00 (56,397.49)	184,817.50 (188,661.91)	248,818.49 (245,059.40)
2	Carrying amount of Segment Assets by location of assets	84,384.01 (86,021.62)	249,710.60 (222,604.13)	334,094.61 (308,625.75)
3	Capital Expenditure	12,312.38 (4,172.88)	14,766.86 (11,583.12)	27,079.24 (15,756.00)

Note :- Figures in brackets ( ) indicate Previous Year figures

K. Earnings Per Share (EPS)

Particulars	Unit	Current Year	Previous Year
Net Profit/Loss for the year	(Rs. in Lacs)	9,398.43	105,556.94
Weighted Average number of Equity Shares considered as Denominator for calculation of Basic EPS	(Nos.)	31,984,600	31,984,600
Weighted Average number of Equity Shares considered as Denominator for calculation of Diluted EPS	(Nos.)	31,984,600	31,984,600
Basic EPS	(Rs.)	29.38	330.03
Diluted EPS	(Rs.)	29.38	330.03

L. Related Party Disclosures (as identified by Management)

Related Party Disclosures as required by AS-18, "Related Party Disclosures" are given below:

(i) Related parties with whom transactions have taken place during the year

Key Management Personnel (KMP)

- Shri Sanjiv Saraf (Chairman)
- Shri Pranay Kothari (Executive Director)
- Shri Ranjit Singh (Whole Time Director)

Relative of Key Management Personnel

- Smt. Ritu Kothari

Enterprises over which Key Management Personnel, their relatives and major shareholders have significant influence:

- Beehive Systems Private Limited
- Manupatra Information Solutions Private Limited
- Altivolus Infotech Private Limited
- Dalhousie Villa Private Limited
- Bhilangana Hydro Power Limited

(ii) Nature of Transactions with Related Parties :

(Rs. in Lacs)

Particulars	Key Management Personnel	Relative of KMP	Enterprises over which significant Influence exists	Total
Purchase of Material/Services	— (–)	27.00 (13.50)	6.00 (5.77)	33.00 (19.27)
Sale of Material/Services	— (–)	— (–)	68.99 (52.94)	68.99 (52.94)
Managerial Remuneration	1490.15 (1283.35)	— (–)	— (–)	1490.15 (1283.35)
Commission to Director	50.00 (200.00)	— (–)	— (–)	50.00 (200.00)
Director's Sitting Fees	1.20 (4.40)	— (–)	— (–)	1.20 (4.40)
Advance given during the year	— (–)	— (33.75)	— (–)	— (33.75)
Outstanding at year end				
Receivables	— (–)	20.25 (27.00)	34.93 (–)	55.18 (27.00)
Payables	50.00 (180.00)	— (–)	— (–)	50.00 (180.00)
Investment in Equity/ Preference Shares	— (–)	— —	2.50 (9.48)	2.50 (9.48)

Note: Figures in brackets ( ) indicate Previous Year figures.

(iii) Disclosure of Material Transactions with Related Parties

(Rs. in Lacs)

Particulars	Enterprises over which significant Influence exists	Relative of Key Management Personnel
Purchase of Material/ Services		
– Dalhousie Villa Private Limited	6.00	–
	(5.77)	–
– Smt. Ritu Kothari	–	27.00
	–	(13.50)
Sale of Material/ Services		
– Beehive Systems Private Limited	42.98	–
	(36.00)	–
– Manupatra Information Solutions Private Limited	18.13	–
	(9.06)	–
Payment to Key Managerial Personnel		
– Shri Sanjiv Saraf	149.83	–
	(200.00)	–
– Shri Pranay Kothari	172.33	–
	(345.33)	–
– Shri Ranjit Singh	209.61	–
	(228.07)	–

Note: Figures in brackets ( ) indicate Previous Year figures.

M. In one of the subsidiaries of the Company, certain employee benefits in respect of earlier year of Rs.68.42 Lacs are adjusted from opening balance of retained earnings. For the purpose of these Consolidated Financial Statements, the effect of such change has been given in the Profit and Loss Statement for the Current Year.

N. Figures in the Balance Sheet, Profit & Loss Statement and Cash Flow Statement have been expressed in Rs. in Lacs with two decimals.

O. Current Year accounts have been prepared in accordance with the revised Schedule VI to the Companies Act, 1956 and Previous Year's figures have been regrouped/reclassified accordingly.

As per our report of even date attached
For **Lodha & Co.,**
Chartered Accountants
(Firm Regn. No : 301051E)

N. K. Lodha
Partner
Membership No. 85155

Place : New Delhi
Date : May 29, 2012

Signatures to Notes 1 to 27

Manish Gupta
Chief Financial Officer

A.K. Gurnani
Company Secretary

Sanjiv Saraf
Chairman

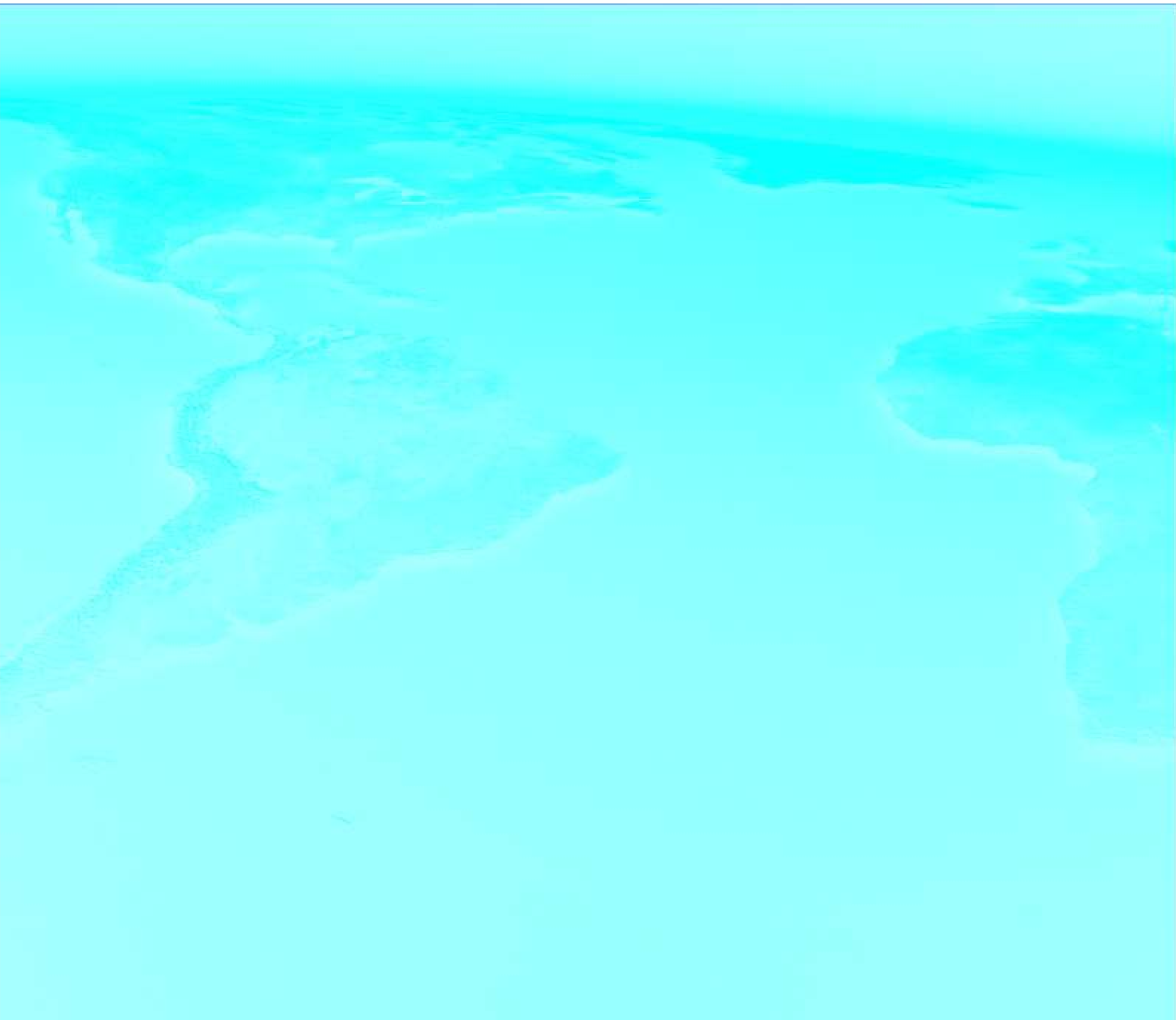
Ranjit Singh
Whole-Time Director

Jitender Balakrishnan
O.P. Mehra
B.K. Soni
Suresh I. Surana
Directors

Place : NOIDA
Date : May 29, 2012

School at Khatima

Kinder Garden Class at Khatima



Polyplex Corporation Limited

Registered Office: Lohia Head Road, Khatima - 262 308, Distt. Udham Singh Nagar, Uttarakhand