

## NOTICE

NOTICE is hereby given that the Twenty-Eighth Annual General Meeting of the Members of Polyplex Corporation Limited will be held at the Registered Office of the Company at Lohia Head Road, Khatima 262308, District Udham Singh Nagar, Uttarakhand, on **Monday, 30th day of September, 2013 at 11.00 a.m.** to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2013 and the Profit & Loss Statement for the year ended on that date together with the Reports of the Directors' and Auditors' thereon.
2. To declare dividend.
3. To appoint a Director in place of Shri Brij Kishore Soni who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in place of Shri Jitender Balakrishnan who retires by rotation and being eligible offers himself for reappointment.
5. To appoint Auditors and to fix their remuneration.

### SPECIAL BUSINESS

6. To consider and if thought fit to pass with or without modification(s) the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 198, 309 and other applicable provisions of the Companies Act, 1956 ('the Act') read with Schedule XIII of the Act, including any statutory modifications or re-enactment thereof, for the time being in force and subject to such approval(s) as may be required, consent of the members of the Company be and is hereby accorded to payment of remuneration of Rs. 1,26,71,230/- by way of Salary, Allowances and others (excluding contribution to Provident and Superannuation Fund, to the extent not taxable under the Income Tax Act, 1961, Gratuity and Leave Encashment) to Shri Ranjit Singh, Whole Time Director designated as Chief Operating Officer for the period April 1, 2012 to October 31, 2012."

7. To consider and if thought fit to pass with or without modification(s) the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 309(5B) and other applicable provisions of the Companies Act, 1956 ('the Act') read with Schedule XIII of the Act, including any statutory modifications or re-enactment thereof, for the time being in force, and subject to the approval of the

Central Government, consent of the members of the Company be and is hereby accorded for waiver of recovery of excess remuneration of Rs.90,31,496/- by way of Salary, Allowances and others (excluding contribution to Provident and Superannuation Fund, to the extent not taxable under the Income Tax Act, 1961) paid to Shri Pranay Kothari, Whole Time Director designated as Executive Director for the period April 1, 2012 to March 31, 2013."

"RESOLVED FURTHER THAT any of the Directors or the Company Secretary of the Company be and are hereby severally authorised to make application to the Central Government and/or any other authority for waiver of recovery of excess remuneration paid to Shri Pranay Kothari, Whole Time Director and to do all such acts, deeds, matters and things as may be deemed necessary to give effect to this resolution."

8. To consider and if thought fit to pass with or without modification(s) the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 198, 309 and 310 and other applicable provisions of the Companies Act, 1956 ('the Act') read with Schedule XIII of the Act, including any statutory modifications or re-enactment thereof, for the time being in force, and in partial modification of the Ordinary Resolution No. 6 passed in the Annual General Meeting of the Company held on September 28, 2012 and subject to the approval of the Central Government, consent of members of the Company be and is hereby accorded to payment of following remuneration to Shri Pranay Kothari, Whole Time Director designated as Executive Director for the remaining tenure of his appointment i.e. from April 1, 2013 to September 6, 2015:

- a) Salary: Rs.5,00,000/- per month.
- b) Special Allowance: Rs.6,00,000/- per month.
- c) Perquisites: In addition to above, Shri Pranay Kothari shall be entitled to the following perquisites. (These perquisites shall be evaluated as per Income Tax Rules, 1962 (The Rules), wherever applicable and in the absence of any such rule, perquisites shall be evaluated at actual cost).

### PART A:

- (i) Residential accommodation:  
HOUSING I

The Company shall provide rent-free furnished residential accommodation to Shri Pranay Kothari provided that the monthly

rent for unfurnished residential accommodation shall not exceed one hundred per cent of the salary per month.

Or

#### HOUSING II

The accommodation provided to Shri Pranay Kothari is owned by the Company.

Or

#### HOUSING III

In case no accommodation is provided by the Company, Shri Pranay Kothari shall be entitled to house rent allowance at the rate one hundred per cent of the salary per month.

(ii) Medical benefits for self and family:

Reimbursement of expenses actually incurred for self and family not exceeding Rs. 2,40,000/- p.a., excluding cost of Group Medical Insurance Policy of the Company.

(iii) Leave:

As per Rules of the Company with full pay and allowances. Earned Leave accumulated but not availed of during the tenure shall be encashable as per Rules of the Company. Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on remuneration, in the event of no profits or inadequate profits of the Company.

(iv) Leave/Holiday Travel:

Not exceeding Rs.5,00,000/- p.a. for self and family in accordance with the Rules of the Company.

(v) Club Fees:

Not exceeding Rs.2,40,000/- p.a. for fees of clubs subject to a maximum of two clubs.

(vi) Personal Accident Insurance:

As per personal Group Accident Policy of the Company.

#### PART B :

(i) Company's contribution towards Provident Fund:

As per Rules of the Company.

(ii) Company's contribution towards Superannuation Fund:

As per Rules of the Company.

Provided that the contribution towards Provident Fund and Superannuation Fund

shall not exceed the maximum limit laid down under the Income Tax Act/Rules.

Contribution to Provident Fund and Superannuation Fund will not be included in the computation of the ceiling on remuneration to the extent these either singly or put together are not taxable under the Income Tax Act.

(iii) Gratuity:

One-half month's salary for each completed year of service.

The Gratuity will not be included in the computation of the ceiling on remuneration.

#### PART C:

(i) Company Maintained Car:

Company shall provide Company maintained car with driver for use for Company's business, which will not be considered as perquisite.

(ii) Telephone/Communication facilities:

Company shall provide Telephone / Communication facilities at residence for Company's business, which will not be considered as perquisites.

(iii) Reimbursement of Expenses:

Company shall reimburse actual expenses incurred for the purpose of the business of the Company.

"RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year of the Company during the term of Shri Pranay Kothari's office as Whole Time Director, the remuneration and the perquisites set out hereinabove be paid or granted to Shri Pranay Kothari as minimum remuneration, subject to requisite approval(s)."

"RESOLVED FURTHER THAT in the event of any statutory amendment or modifications or relaxation by the Central Government in Schedule XIII to the Act or re-enactment thereof, the Board of Directors be and is hereby authorised to vary or increase the remuneration, including the salary, perquisites, allowances etc. within such prescribed limit or ceiling without any further reference to the Company in General Meeting."

"RESOLVED FURTHER THAT the appointment of Shri Pranay Kothari as Whole Time Director may be terminated by either party giving to the other six calendar months notice in writing or salary in lieu thereof."

"RESOLVED FURTHER THAT any of the Directors or the Company Secretary of the Company be and are hereby severally authorised to make application to the Central Government and/or any other

authority for approval to payment of remuneration as per terms contained above to Shri Pranay Kothari, Whole Time Director and to do all such acts, deeds, matters and things as may be deemed necessary to give effect to this resolution."

9. To consider and if thought fit to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to Section 293(1) (e) and other applicable provisions, if any, of the Companies Act, 1956 ('the Act') approval of the members be and is hereby accorded to the Board of Directors to contribute, donate or otherwise provide assistance to Polyplex Foundation a charitable Society, registered under the Societies Registration Act, 1860, to set up a School at Bajpur, District Udham Singh Nagar, Uttarakhand, up to an amount not exceeding Rs. 22.00 Crore (Rupees Twenty-two Crore), in one or more installments during the Financial Year 2013-14 and/or 2014-15, as the Board of Directors may deem fit and proper, notwithstanding the fact that the said amount(s) may exceeds 5% of the Company's average net profits, as determined in accordance with the provisions of Section 349 and 350 of the Act, during the immediately preceding three Financial Years."

By Order of the Board  
for **Polyplex Corporation Limited**

Date : August 14, 2013      **Ashok Kumar Gurnani**  
Place : NOIDA                      Company Secretary

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

**NOTES :**

1. A MEMBER ENTITLED TO ATTEND AND VOTE IN THE ABOVE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND ON A POLL, TO VOTE INSTEAD OF HIMSELF. PROXY NEED NOT BE A MEMBER.
2. Proxies in order to be effective should be lodged with the Company at the Registered Office at least 48 hours before the commencement of the Annual General Meeting.
3. Corporate Members may submit to the Company a certified copy of the Board Resolution, pursuant to Section 187 of the Companies Act, 1956, ('the Act') authorising their representative to attend and vote at the Annual General Meeting.
4. Explanatory Statement pursuant to Section 173 (2) of the Act, relating to the Special Business to

be transacted at the Annual General Meeting, is annexed.

5. The Register of Members and Share transfer books of the Company will remain closed from **21.09.2013 to 30.09.2013** (both days inclusive).
6. The dividend declared at the meeting will be made payable on or after September 30, 2013 to those Members, whose names are on the Register of Members as Beneficial Owners as at the end of business on September 20, 2013 as per the lists to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited in respect of the shares held in electronic form; and as Members in the Register of Members of the Company after giving effect to valid share transfers in physical form lodged with the Company on or before September 20 2013.
7. Pursuant to Section 205C of the the Act, amount of unpaid/ unclaimed dividends upto Financial Year 2004-05 and Interim Dividend for the Financial Year 2005-06 have been transferred to Investor Education and Protection Fund (IEPF) (established by the Government of India). In respect of these transfers no claim lies against the Company or the Fund.
8. Pursuant to Section 205C of the the Act, all unpaid dividends which have remained unclaimed for a period of seven years from the date they became due for payment, are required to be transferred to the Investor Education and Protection Fund (established by the Government of India). Shareholders are advised in their own interest to claim the unclaimed dividend for the Financial Year 2005-06 (Final Dividend) onwards, details whereof are given hereunder, from the Company failing which all unclaimed Dividends shall be transferred to the Investor Education and Protection Fund within the time prescribed under the law.

Financial Year (April to March)	Dividend %age	Declared per Share (Face Value Rs.10/-)	Type of Dividend	Declared on/Record Date
2005-06	10%	Re.1/-	Final	17.08.2006
2006-07	40%	Rs.4/-	Final	15.09.2007
2007-08	60%	Rs.6/-	Final	26.09.2008
2008-09	70%	Rs.7/-	Final	30.09.2009
2009-10	80%	Rs.8/-	Final	25.09.2010
2010-11	60%	Rs.6/-	Interim	16.11.2010
2010-11	70%	Rs.7/-	Final	28.09.2011
2011-12	40%	Rs.4/-	Final	28.09.2012

9. Members are requested to register their e-mail addresses with the Company and Beneficial Owners of shares are requested to update their e-mail

addresses with their respective Depository Participants for receiving the Report and Accounts, Notices etc. in electronic mode, as a measure of support to the Green Initiative in Corporate Governance of the Ministry of Corporate Affairs, Government of India.

10. a) Members holding shares in physical form are requested to notify to the Company, change/ correction in their address quoting their folio number.
- b) Members holding shares in dematerialized form are requested to notify to their Depository Participant, change/ correction in their address/ Bank Account particulars etc. as the Company uses the information provided by the Depositories in respect of shares held in de-mat form.
11. Details required under Clause 49 of the Listing Agreement with Stock Exchanges in respect of Directors seeking appointment/ reappointments at the Annual General Meeting are separately annexed hereto.
12. Members/ proxy holders are requested to produce at the entrance the attached admission slips duly completed and signed for admission to the meeting hall.

#### Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 ('the Act')

##### Item No. 6

Shri Ranjit Singh was 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 by the shareholders in the Annual General Meeting of the Company held on September 25, 2010 on the terms and conditions contained in the resolution No. 6 passed by the shareholders at the said Annual General Meeting. The aforesaid appointment of Shri Ranjit Singh as Whole Time Director was made by the shareholders on the recommendations of Remuneration Committee and Board of Directors by way of **Ordinary Resolution**. At the time of passing of aforesaid Ordinary Resolution it was anticipated that the net profits for the period would be adequate/ sufficient for the proposed payout. In the aforesaid Ordinary Resolution the Members had approved that the remuneration contained therein shall be treated as Minimum Remuneration in the event of inadequacy or insufficiency of profit.

Shri Ranjit Singh resigned from the services of the Company and ceased to be Director of the Company w.e.f. October 31, 2012.

The remuneration paid to Shri Ranjit Singh during the Financial Year 2010-11 and 2011-12 has been within the limits prescribed under Section 198 and 309, read with the Schedule XIII of the Companies Act, 1956 ('the Act'). However, during the Financial Year 2012-13

remuneration paid to Shri Ranjit Singh though in accordance with the Ordinary Resolution passed by the shareholders on September 25, 2010, exceeds the limits prescribed under Section 198 and 309, read with the Schedule XIII of the Act due to insufficiency/ inadequacy of Net Profits for the Financial Year 2012-13, as computed under Section 349 and 350 of the Act.

As required by the provisions contained in Section II (C) of Part II of Schedule XIII of the Act, as amended, approval of shareholders is now being sought to the payment of actual remuneration to Shri Ranjit Singh for the period April 1, 2012 to October 31, 2012 as minimum remuneration by way of **Special Resolution** as Shri Ranjit Singh fulfils the applicable requirements of being professional director, possessing requisite qualifications, not having any interest in the capital of the Company and not being related to any of the Directors / Promoters of the Company.

Information required under Section II (C) of Part II of Schedule XIII of the Act is detailed in the Annexure forming part of this Explanatory Statement.

Yours directors accordingly commend this resolution for the approval of Members.

None of the Directors of the Company is interested in this resolution.

##### Item No. 7

Shri Pranay Kothari was appointed as Whole Time Director designated as Executive Director of the Company for a period of three years w.e.f. September 7, 2009, by the shareholders vide Resolution No. 6 in the Annual General Meeting of the Company held on September 30, 2009. Certain terms of his remuneration were modified vide Resolution No. 7 passed in the Annual General Meeting held on September 25, 2010. He was again reappointed as Whole time Director designated as Executive Director of the Company for a further period of three years w.e.f. September 7, 2012 by the shareholders vide Resolution No. 6 passed in the Annual General Meeting of the Company held on September 28, 2012. The aforesaid appointment(s) of Shri Pranay Kothari as Whole Time Director were made by the shareholders on the recommendations of Remuneration Committee and Board of Directors by way of **Ordinary Resolution**. At the time of passing of aforesaid Ordinary Resolutions it was anticipated that the net profits for the period would be adequate/ sufficient for the proposed payout. In the aforesaid Ordinary Resolutions the Members had approved that the remuneration contained therein shall be treated as Minimum Remuneration in the event of inadequacy or insufficiency of profit.

During the Financial Year 2012-13 the remuneration paid to Shri Pranay Kothari, though in accordance with the aforesaid Ordinary Resolutions, exceeded the limits prescribed under Section 198 and 309, read with the Schedule XIII of the Act, due to insufficiency/ inadequacy of Net Profits, as computed under Section 349 and 350



of the Act. Details of maximum remuneration permissible under Schedule XIII of the Act, in the event of insufficiency/inadequacy of profits for the Financial Year 2012-13 and actual remuneration paid and amount of excess remuneration paid are as follows:

Financial Year	Permissible Remuneration as per Schedule XIII* (Rupees)	Actual Remuneration paid (Rupees)	Excess Remuneration (Rupees)
2012-13	48,00,000/-	1,38,31,496/-	90,31,496/-

\* Based on Effective Capital.

Payment of aforementioned Remuneration to Shri Pranay Kothari has been made on the recommendations of the Remuneration Committee of Directors and Board of Directors.

Approval of shareholders by way of **Special Resolution**, which would be subject to approval of the Central Government, is now being sought from the shareholders for waiver of recovery of aforementioned excess remuneration.

Information required under Section II (C) of Part II of Schedule XIII of the Act is detailed in the Annexure forming part of this Explanatory Statement.

Yours directors accordingly commend this resolution for the approval of Members.

None of the Directors of the Company except Shri Pranay Kothari is interested in this resolution.

#### Item No. 8

Shri Pranay Kothari was appointed as Whole Time Director designated as Executive Director of the Company for a period of three years w.e.f. September 7, 2012 by the shareholders in the Annual General Meeting of the Company held on September 28, 2012 on the terms and conditions contained in the resolution No. 6 passed by the shareholders at the said Annual General Meeting. The aforesaid appointment(s) of Shri Pranay Kothari as Whole Time Director was made by the shareholders on the recommendations of Remuneration Committee and Board of Directors by way of **Ordinary Resolution**.

As required by the provisions contained in Section II (C) of Part II of Schedule XIII of the Act, as amended, approval of shareholders is now being sought to the revision in the remuneration as contained in the Resolution No. 8 to Shri Pranay Kothari for the remaining tenure of his appointment i.e. April 1, 2013 to September 6, 2015 by way of **Special Resolution** and which would be subject to the approval of the Central Government.

The Remuneration payable to Shri Pranay Kothari as contained in Resolution has been approved by the Board

of Directors on the recommendations of the Remuneration Committee of Directors.

Information required under Section II (C) of Part II of Schedule XIII of the Act is detailed in the Annexure forming part of this Explanatory Statement.

The terms of remunerations as started in the resolution may be regarded as an abstract of the terms of contract and memorandum of concern or interest for the purpose of Section 302 of the Act.

Yours directors accordingly commend this resolution for the approval of Members.

None of the Directors of the Company except Shri Pranay Kothari is interested in this resolution.

#### Item No. 9

As the Members are aware, Company in the year 2009-10 had set up a new manufacturing facility at Bajpur, Distt. Udham Singh Nagar, Uttarakhand at an investment of over Rs.450 Crore to manufacture BOPP and PET Film. Your Company had further invested in a Metallizer and Rice Husk Based Thermic Fluid Heater and currently work on an Off-line Coater is in progress. Your Company has also constructed a Staff Colony adjacent to its manufacturing facility, providing accommodation to more than 110 employees.

In order to provide quality education to the children of employees of the Company, as also to local community and hire and retain good talent for this facility, it is felt desirable by your Directors to set up a K-12 school with good infrastructure at Bajpur, Distt. Udham Singh Nagar, Uttarakhand. To meet this objective a 'not for profit' society in the name of Polyplex Foundation has been registered in the State of Uttarakhand under the Societies Registration Act, 1860. This step is also in pursuance to CSR initiatives of the Company. The estimated cost of setting up the School is about Rs.22.00 Crore which is proposed to be met by the Company by way of contribution/donation/assistance to the aforesaid Society.

Pursuant to Section 293(1) (e) of the Act, approval of the Members is required for contribution to charitable and other funds not directly relating to the business of the Company or the welfare of its employees, where the proposed contribution in aggregates exceeds Rs. 50,000/- or 5% of its average net profits as determined in accordance with the provisions of Section 349 and 350 during the three immediately preceding Financial Years, whichever is greater. Since the proposed contribution will exceed the limits specified in Section 293(1) (e) of the Act, approval of the members is being sought. The proposed contribution is proposed to be made in one or more tranches during the Financial Year(s) 2013-14 and/or 2014-15.

Shri Sanjiv Saraf and Shri Pranay Kothari Directors of the Company, are the founding members and President and Vice-President respectively of the Polyplex

Foundation and do not have any pecuniary relationship with the said Society. Except to the extent mentioned hereinabove no other Director is in any way, concerned or interested in this resolution.

By Order of the Board  
for **Polyplex Corporation Limited**

Your directors accordingly commend this resolution for the approval of the Members.

Date : August 14, 2013  
Place : NOIDA

**Ashok Kumar Gurnani**  
Company Secretary

**Annexure forming part of the Explanatory Statement as required under Section II (C) of Part II of Schedule XIII of the Companies Act, 1956.**

## **I. General Information**

### *(1) Nature of Industry*

The Company is engaged in the manufacture and sale of plain, coated, metallized Plastic Films and PET Chips.

### *(2) Date or expected date of commencement of commercial production*

The Company is already in commercial production of above products.

### *(3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus.*

Not Applicable

### *(4) Financial performance based on given indicators*

Financial Parameters

#### **STANDALONE**

(Rs. in Lacs)

Financial Parameters/ Year	2012-13	2011-12	2010-11
Gross revenue including other Income	99,673.57	1,04,719.54	98,720.06
Profit Before Tax (PBT) before exceptional item	371.86	12,153.56	25,119.92
Profit Before Tax (PBT) after exceptional item	487.99	5,074.76	25,119.92
Tax expenses & prior period adjustment	(23.50)	(2,524.67)	7,466.70
Profit After Tax (PAT)	511.49	7,599.43	17,653.22

#### **CONSOLIDATED**

(Rs. in Lacs)

Financial Parameters/ Year	2012-13	2011-12	2010-11
Gross revenue including other Income	2,59,826.63	2,48,818.49	2,46,034.72
Profit Before Tax (PBT) before exceptional item	6,870.51	29,865.36	77,841.01
Profit Before Tax (PBT) after exceptional item	6,870.51	18,819.58	1,41,528.02
Tax expenses & prior period adjustment	241.21	(1,989.37)	7,874.39
Profit After Tax (PAT) before Minority Interest	6,629.30	20,808.95	1,33,653.63
Less Minority Interest	4,506.04	11,410.52	28,096.69
Profit After Tax (PAT) after Minority Interest	2,123.26	9,398.43	1,05,556.94

### *(5) Export performance and net foreign exchange collections*

(Rs. in Lacs)

Particulars/ Year	2012-13	2011-12	2010-11
FOB Value of Exports including deemed exports	25,231.96	25,029.87	37,694.65
Dividend (Gross) from foreign Subsidiary Companies	4,239.58	13,971.28	3,537.72
Sale of Investments	160.68	—	—
Other claims	—	257.65	—
Total	29,632.22	39,258.80	41,232.37

(6) *Foreign investments or collaborators, if any*

Company has made investments in Ordinary & Preference Shares of foreign companies/ subsidiaries. Aggregate of investments outstanding at the yearend are as follows:

(Rs. in Lacs)

Investment Outside India	2012-13	2011-12	2010-11
Outstanding Investments in Foreign Subsidiary Companies	1,951.43	1,995.97	1,995.97

**II. Information about the Appointee / Managerial Person**

(1) *Background details*

a) Shri Ranjit Singh

Shri Ranjit Singh aged about 54 years did his B.E. (Mech.) from Birla Institute of Technology, Pilani and Post Graduate Diploma in Business Management from Indian Institute of Management, Ahmedabad. He joined the Company on November 13, 1996 and rose to the position of President (Film Business) / Chief Operating Officer before his elevation to the Board on July 13, 2007.

Shri Ranjit Singh resigned from the services of the Company w.e.f. October 31, 2012, to pursue his career outside Polyplex.

Expertise in specific functional area:

With over thirty years of industrial experience, Shri Ranjit Singh contributed significantly in formulating and implementing Polyplex's strategy to achieve operational excellence, profitable growth and globalization. He represented Polyplex in various forums both at national and international level and was also a Member and Treasurer of the Management Committee of the International Association of Polyester Film Manufacturers (AMPEF).

Shri Ranjit Singh was also a Member of the Shareholders'/Investors' Grievances Committee of the Board of Directors of the Company.

While with Polyplex, Shri Ranjit Singh was also on the Board of following subsidiaries of the Company as its nominee/ representative:

- Polyplex (Thailand) Public Company Limited, Thailand
- Polyplex Europa Polyester Film Sanayi Ve Ticaret Anonim Sirketi, Turkey

Shri Ranjit Singh did not hold any shares in the Company during the period of past two years.

Shri Ranjit Singh was not related to any other Director/ Promoter of the Company during his tenure as Director.

b) Shri Pranay Kothari

Shri Pranay Kothari aged about 53 years, is a qualified Chartered Accountant and Company Secretary. He joined the Company in 1985 as Company Secretary and rose to the position to Whole Time Director w.e.f. March 15, 1996. He was last re-appointed as Whole Time Director designated as Executive Director for a term of three years with effect from September 7, 2012 to September 6, 2015.

Expertise in specific functional area: General Management.

The Other Directorship of Shri Pranay Kothari in Public Limited Companies are as follows:

- Bhilangana Hydro Power Limited
- Global Solar Energy (India) Limited
- Orbis Financial Corporation Limited

Shri Pranay Kothari is also a Member of the Shareholders'/Investors' Grievances Committee and Finance Committee of the Board of Directors of the Company.

Apart from above Shri Pranay Kothari is also on the Board of following subsidiary Companies:

- Polyplex (Thailand) Public Company Limited, Thailand
- Polyplex Europa Polyester Film Sanayi Ve Ticaret A.S, Turkey
- Polyplex Resin Sanayi Ve Ticaret A.S, Turkey
- Peninsula Beverages & Foods Company Private Limited, India

Shri Pranay Kothari does not hold any shares in the Company in his own name. However, he indirectly through statutory structure has about 2.06% interest in the capital of the Company.

Shri Pranay Kothari is not related to any other Director or Promoter of the Company.

(2) *Past Remuneration:*

(in Rs.)

<b>Shri Pranay Kothari</b>	<b>2011-12</b>	<b>2010-11</b>	<b>2009-10</b>
Salary and Allowances	1,64,20,000	3,37,37,219	71,92,520
Perquisites and other	8,12,949	7,95,888	5,85,297
<b>TOTAL</b>	<b>1,72,32,949</b>	<b>3,45,33,107</b>	<b>77,77,817</b>
<b>Shri Ranjit Singh</b>	<b>2011-12</b>	<b>2010-11</b>	<b>2009-10</b>
Salary and Allowances	2,02,20,000	2,21,88,699	1,11,00,525
Perquisites and other	7,41,361	6,18,530	5,68,098
<b>TOTAL</b>	<b>2,09,61,361</b>	<b>2,28,07,229</b>	<b>1,16,68,623</b>
<b>GRAND TOTAL</b>	<b>3,81,94,310</b>	<b>5,73,40,336</b>	<b>1,94,46,440</b>

(3) *Recognition or Awards*

Please refer to para on "Information about the Appointee" as given above

(4) *Job profile and his suitability*

Please refer to para on "Information about the Appointee" as given above

(5) *Remuneration Proposed*

As given in the Resolution Item No. 6, 7 and 8

(6) *Comparative Remuneration profile with respect to industry, size of the Company, profile of the position.*

The Proposed remuneration is commensurate with the profile of the managerial persons, size, operations of the Company and in line with the industry standards.

The remuneration set out in the respective resolutions has been recommended by the Independent Remuneration Committee and approved by the Board of Directors of the Company keeping in view the remuneration drawn in the past and current remuneration structure prevailing in the Industry and is commensurate with the responsibilities of the managerial persons.

(7) *Pecuniary Relationship directly or indirectly with the Company or relationship with the managerial Personnel, if any.*

- Shri Ranjit Singh does not have any other pecuniary relationship, directly or indirectly with the Company or relationship with any other managerial person.
- Shri Pranay Kothari has no pecuniary relationship with the Company except receipt of managerial remuneration from the

Company. Following contracts have been entered into with 'Related Parties':

- Payment of Rent to Mrs. Ritu Kothari wife of Shri Pranay Kothari for the lease of premises at rent of Rs.2,25,000/- p.m.*
- Receipt of Rent by the Company from Beehive System Private Limited, in which he is a director towards the lease of premises at a rent of Rs.3,00,000/- p.m.*

Shri Pranay Kothari does not have any relationship with any other Director of the Company.

**III. Other Information**

(1) *Reasons of loss or inadequate profits.*

The Net profit of the Company for the year 2012-13, as computed under Section 349 and 350 is inadequate/ insufficient to meet the ceilings in terms of percentage of profits, imposed on managerial remuneration due to competitive pricing pressures in the domestic as well as international markets, resulting from new capacity creation, higher manufacturing costs like power & fuel, stores & spares, repair and maintenance, increase in energy prices, impact of inflation etc. Further, ban imposed by various State Governments/ authorities on sales of Gutkha (preparation of betel nut, tobacco etc.) in plastic sachets had also impacted the margins.

Apart from the factors stated above, during the Financial Year 2011-12 Company had 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. This change in method impacted the



profits of company due to higher amount of depreciation, a non-cash expense.

(2) *Steps taken or proposed to be taken for improvement*

The Company has taken various steps to improve its performance. These include containing the cost, change in product mix, expanding, diversifying and focusing on high growth segments etc.

(3) *Expected increase in productivity and profits in measurable terms*

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 sustain and capture growth opportunities in all its business segments within the confines of business prudence.

#### IV. Disclosures

(1) *The shareholders of the Company shall be informed of the remuneration package of the managerial person*

This information has been detailed out in the Notice and the Explanatory Statement to the Notice.

(2) *The following disclosures shall be mentioned in the Board of Directors' Report under the heading*

*"Corporate Governance", if any, attached to the Annual Report :-*

i. All elements of remuneration package such as salary, benefits, bonuses, stock options, pension etc. of all the directors;

This has been fully covered under the Corporate Governance Report.

ii. Details of fixed component and performance linked incentives along with the performance criteria;

As per respective Resolutions. Remuneration approved for managerial personnel are commensurate with their respective qualifications, experience, responsibilities, position in the Company and are in accordance with the industry standards and have been approved by the Board of Directors on the recommendations of the Remuneration Committee.

iii. Service contracts, notice period, severance fees;

Existing appointments of Whole Time Directors prescribes notice period of six calendar months or salary in lieu thereof. No severance fees have been stipulated.

iv. Stock option details, if any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable.

Not Applicable.

**Notes on Directors seeking appointment / re-appointment as required under Clause 49 IV (G) of the Listing Agreement entered into with Stock Exchanges.**

<b>Name</b>	<b>Shri Brij Kishore Soni</b>	<b>Shri Jitender Balakrishnan</b>
Date of Birth	11-03-1947	08-05-1949
Date of Appointment	08-08-1985	20-07-2010
Qualification	B.A. from Delhi University	B.E. (Mech) from National Institute of Technology (NIT), Madras University; and Post Graduate Diploma in Industrial Management from Bombay University.
Expertise	Project Planning, Execution and Management	He has served on the Board of IDBI Bank Limited as Executive Director and thereafter as Deputy Managing Director and Group Head – Corporate Banking. He has served on the Board of Directors of various Corporates in the areas of Oil and Gas, Refineries, Infrastructure projects, Cement, Fertilizers, Hotels, Pharmaceuticals, Paper etc.
Directorship in other companies	Bharat Power Corporation Private Limited Excel International Private Limited Kalima Plastics Private Limited KNS Trading Private Limited Peninsula Beverages and Foods Company Private Limited	Aditya Birla Finance Limited Bharti AXA Life Insurance Company Limited Bharti AXA General Insurance Company Limited Bharti Infratel Limited Bhoruka Power Corporation Limited Binani Industries Limited Essar Services India Limited Equinox Realty & Infrastructure Private Limited India Glycols Limited IL & FS Investment Managers Limited Magus Estates and Hotels Private Limited Sarda Energy & Minerals Limited Usha Martin Limited
Membership/ Chairmanship of Audit and Shareholders Grievance Committees, other than in Company	Nil	a) Chairman of Audit Committee: Usha Martin Limited b) Member of Audit Committee: Bharti Infratel Limited Binani Industries Limited IL & FS Investment Managers Limited Magus Estates and Hotels Private Limited c) Member Investor Grievance Committee: Sarda Energy & Minerals Limited
No. of shares held in Company	Nil	Nil

# Polyplex Corporation Limited

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

## ATTENDANCE SLIP 28TH ANNUAL GENERAL MEETING

Regd. Folio No. \_\_\_\_\_

30th September, 2013

DP ID No. \_\_\_\_\_

Client ID No. \_\_\_\_\_

No. of shares held \_\_\_\_\_

To be handed over at the entrance of the Meeting Venue.

Name of the attending member (In block letters) : \_\_\_\_\_

Name of Proxy (In block letters — to be filled in  
by the proxy attending instead of the member) \_\_\_\_\_

I hereby record my presence at the **28th Annual General Meeting** at the Registered Office of the Company  
at Lohia Head Road, Khatima 262 308, Distt. Udham Singh Nagar, Uttarakhand.

\_\_\_\_\_  
Member's/Proxy's Signature

TEAR HERE

# Polyplex Corporation Limited

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

## PROXY FORM

Regd. Folio No. \_\_\_\_\_

DP ID No. \_\_\_\_\_

Client ID No. \_\_\_\_\_

I/We \_\_\_\_\_

of \_\_\_\_\_

being a member/members of the above named Company hereby appoint \_\_\_\_\_

of \_\_\_\_\_

or failing him \_\_\_\_\_

of \_\_\_\_\_

as my/our proxy to attend and vote for me/us on my/our behalf at the **28th Annual General Meeting** of  
the Company to be held on **Monday, 30th day of September, 2013** at the Registered Office of the  
Company at Lohia Head Road, Khatima 262 308, Distt. Udham Singh Nagar, Uttarakhand or any adjournment  
thereof.

Signed  
Date

Revenue  
Stamp

**Note :** Proxy Form must reach the Company's Registered Office not less than **48 hours before the meeting.**



**28th Annual Report  
2012-13**





## Board of Directors and Corporate Information

### Board of Directors

Shri Sanjiv Saraf - Chairman

Shri Brij Kishore Soni

Air Chief Marshal O.P. Mehra (Retd.) (Upto February 14, 2013)

Shri Sanjiv Chadha

Dr. Suresh Inderchand Surana

Shri Jitender Balakrishnan

Shri Ravi Kumar - Nominee Director - IDBI Bank Limited (Upto July 16, 2013)

Shri Rakesh Awasthi - Nominee Director - IDBI Bank Limited (From July 16, 2013)

Shri Ranjit Singh - Whole Time Director (Upto October 31, 2012)

Shri Pranay Kothari - Executive 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

### Cost Auditors

Sanjay Gupta & Associates  
Cost Accountants

### Bankers

Axis Bank Limited  
DBS Bank Limited  
IDBI Bank Limited  
State Bank of Patiala  
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

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**Sales and Other Income of Rs. 2,598 Crores  
(USD 478 million)**

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**73% revenues from overseas markets**

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**83% of Polyplex products  
are used in food and consumer  
goods markets**

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**Over 1350 customers all over the globe**

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**About 1750 employees world wide**

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**Dividend paid every year since 1993-94**

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**NSE Code : POLYPLEX**

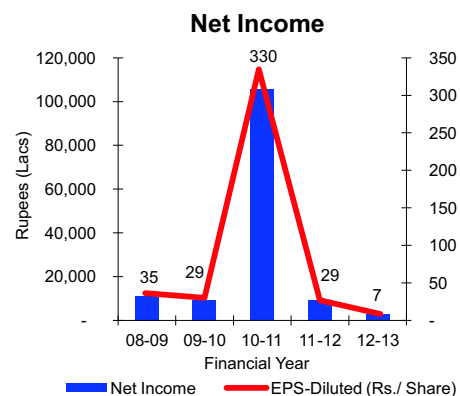
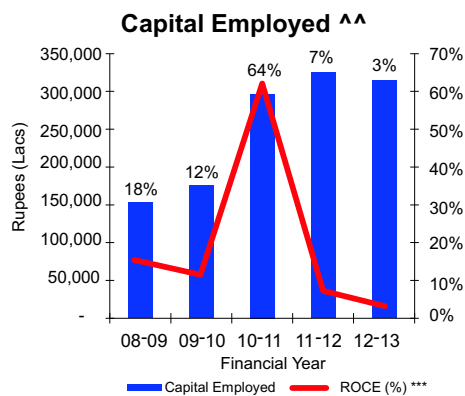
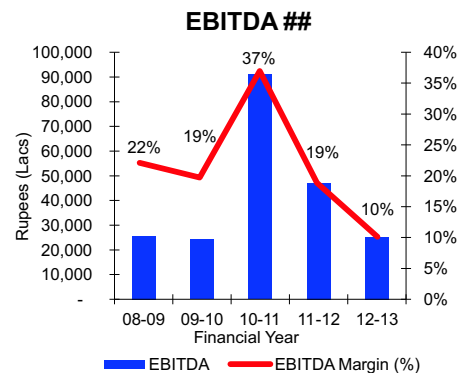
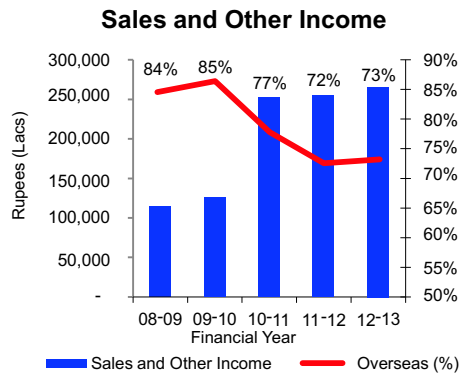
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**BSE Code : 524051**

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

## FINANCIAL HIGHLIGHTS\*



Description	2012-13	2011-12	2010-11	2009-10	(Rs. in Lacs) 2008-09
<b>Profit and Loss</b>					
EBITDA @@	25,100	46,331	90,962	24,104	25,518
Profit attributable to Shareholder	2,123	9,398	105,557	9,399	11,041
<b>Balance Sheet</b>					
Net Fixed Assets @	265,861	162,997	148,653	138,774	112,984
Loan Funds ^	157,985	72,323	72,833	85,396	68,132
Shareholders' Funds #	201,825	191,233	164,909	69,251	65,404
<b>Cash Flow</b>					
Net Cashflow from Investing Activities	(1,04,914)	(33,563)	61,101	(34,017)	(28,321)
<b>Key Ratios</b>					
PAT Margin (%) **	3%	8%	54%	11%	13%
ROE (%) ****	3%	9%	87%	16%	20%
Net Debt ^ ^ ^ : Equity \$\$	0.25	—	—	0.83	0.64
<b>Per Share Data</b>					
Diluted Earnings per Share \$	6.64	29.38	330.03	29.26	34.37
Dividend per Share	3.00	4.00	13.00	8.00	7.00

Figures of Previous Years have been regrouped as per treatment in Financial Statements.

@	includes Capital Work in Progress	*	Based on Consolidated Financials
#	includes Deferred Tax Liabilities	**	PAT (Pre -Minority interest) as % to Sales and Other Income
##	EBITDA Margin as % of Sales	***	EBIT as a % of average Capital Employed
\$\$	Equity = Shareholders' Funds + Minority Interest	****	PAT (Pre -Minority interest) as % to average equity incl. Minorities
@@	EBITDA = Sales and Other Income – Manufacturing Expenses – Operating and Other Expenses		
^	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 – Capital Work in Progress		
^^^	Net Debts = Long Term Loan + Short Term Borrowing + Current Portion of Long Term Debt – Cash and Bank Balances		
\$	The figures till 2009-10 have been readjusted with the increased shares due to 1:1 bonus issue during Financial Year 2010-11		

# Chairman and CEO's Address



**Sanjiv Saraf**  
Chairman



**Pranay Kothari**  
Chief Executive Officer

Dear Shareholders,

The year under review witnessed a highly challenging environment in the plastic films business with margins declining to historical lows, especially in Asia. A typical combination of lumpy capacity addition and linear growth in demand has caused a cyclical downswing impacting the performance of the industry. The Company's profitability has been further dampened by the revenue expenses related to all the ongoing projects at its various locations.

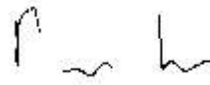
Growth in Sales and Other Operating Income at INR 25.3 billion remained flat for the third year running. Profit (before tax and exceptional items) at INR 0.69 billion is lower by about 77% as compared to preceding year reflecting the compression in margins and rise in costs. The financial position continues to be strong with adequate liquidity and low leverage on a consolidated basis after accounting for cash and cash equivalents.

Notwithstanding the outlook for the next 2-3 years, the Company believes that the commencement of operations of several new plants in the current year together with steps taken to diversify risks associated with the cyclical nature of polyester industry would contribute in improving returns, more so when the markets stabilize and margins are back at historical averages.

The company continues to cautiously invest with smaller but potentially more attractive outlays on offline coating lines in India and Turkey besides several smaller cost saving and efficiency improvement initiatives. The Company's decision to diversify into Bottle

Grade PET resins would also help mitigate the cyclical effects of the plastic film business.

We, on behalf of the entire Board of Directors, would like to thank all the stakeholders and the business partners for their continued support and belief in us.



Pranay Kothari  
Chief Executive Officer



Sanjiv Saraf  
Chairman





Overview of PET and BOPP Plant at Bajpur, India



BOPP Film Line at Bajpur, India



**Silicone Coating Plant at Thailand**



**PET Film and Resin Plant at Thailand**





HTM, Pipe rack and Cogen block of Bottle Grade Resin Plant at Turkey



CP Plant, SSP Plant and Silos of Bottle Grade Resin Plant at Turkey



Resin Silo installation at Decatur, Alabama, USA



Resin Plant – Steel structure erection at Decatur, Alabama, USA



# MANAGEMENT DISCUSSION AND ANALYSIS

## OVERVIEW

In this document, the terms 'Company', 'Polyplex' and 'Group' refer to the consolidated operations of Polyplex Corporation Limited.

Polyplex's business is focused on producing high performance plastic films (PET, BOPP & CPP) which are mainly used in the flexible packaging industry. Polyplex is one of the leading integrated producers of Polyester (PET) films in the world. Polyester is used in everyday life – when we eat or drink, at home, in the office, when we shop, etc.



In the past few years, the Company has ventured into downstream businesses like Silicone Coating and Extrusion Coating. Building on its strategy of forward integration, the Company has also decided to enter into the business of Offline Chemical Coating with new lines coming up in India & Turkey.

As part of its concentric diversification strategy, the Company has recently started its new thick PET film line in Thailand which will enable access to several new applications, besides installing a Blown Polypropylene (PP) / Polyethylene (PE) film line in Thailand in order to broaden the product range on its silicone coated films business. As a green initiative, the Company is in the process of setting up a recycling unit in Thailand which will provide sustainable solutions for film based product waste.

With the objective of continuous growth and creation of value, the Company has entered into a new but related business segment of Bottle Grade PET Resins with the plant at Turkey at an advanced stage of completion. The Company has set up a business of marketing, sales & distribution of packaged beverages and food products in India.

PET film is made from Polyester resin (chips), which in turn is produced from Purified Terephthalic Acid (PTA) & Mono-Ethylene Glycol (MEG). The Company produces its own resin.

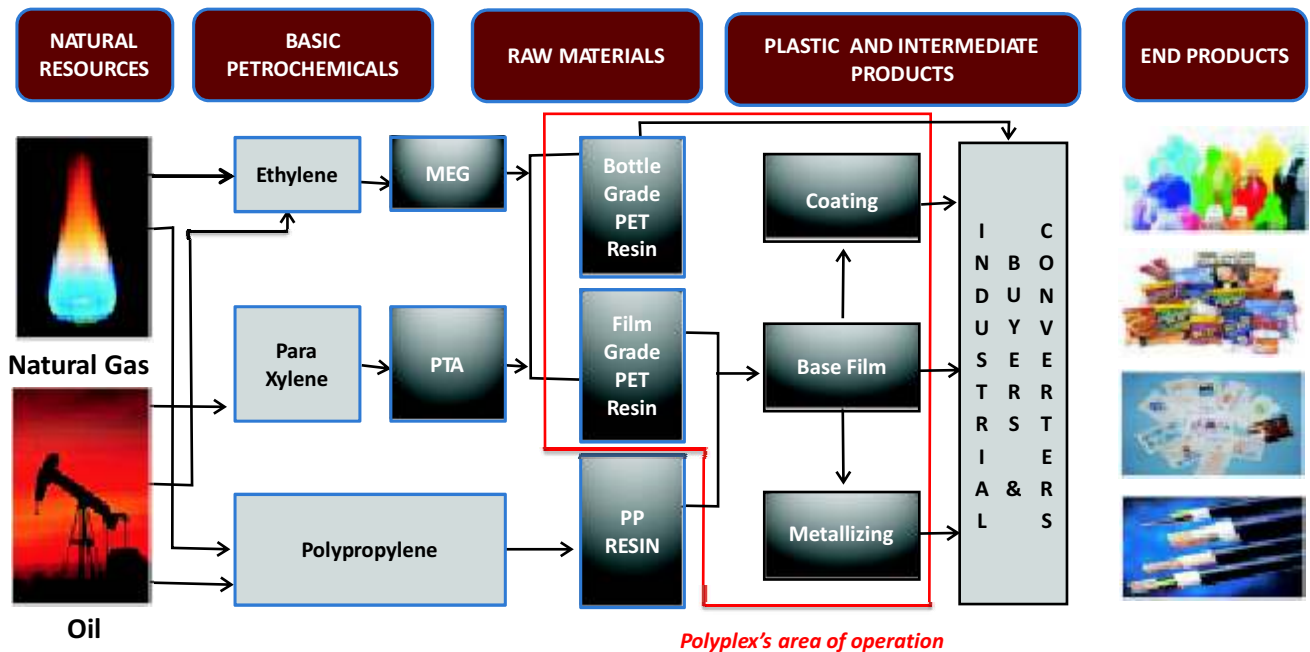
The Company produces PET films largely for application in Packaging, Electrical and other Industrial end use segments like hot stamping foils, thermal lamination, cable wrap, release films, air conditioning ducts, etc. With the entry into thick PET film, the Company's product range stands further diversified with increased emphasis on electrical, imaging & graphics segments.

Packaging being the largest business segment globally, Polyplex 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:

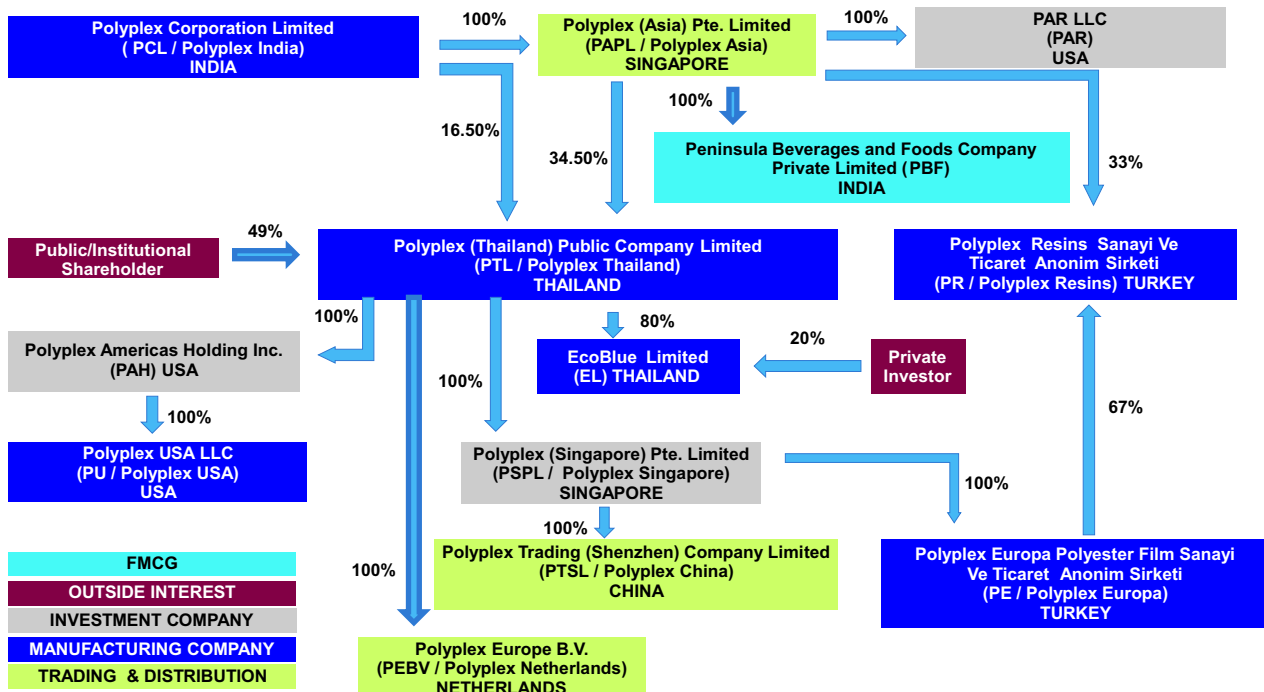


## GLOBAL OPERATIONS

Polyplex has attained a leadership position in the thin PET films business with manufacturing and distribution operations in six countries viz. India, Thailand, Turkey, U.S.A., China and Netherlands with active sales in all major regional markets/customers across the globe.

The current Group structure can be depicted as follows:

## POLYPLEX GROUP - STRUCTURE



#### **Polyplex (Asia) Pte. Ltd. (PAPL)**

PAPL was established as a 100% subsidiary of PCL in July, 2004 and has been a major shareholder of PTL holding 34.5% as on March 31, 2013. PAPL is engaged in trading of various plastic products. The issued and paid up capital of PAPL as of March 31, 2013 is USD 1.13 million.

#### **Peninsula Beverages and Foods Company Private Ltd. (PBF)**

PAPL acquired 99.90% shares in PBF on February 6, 2013. PBF which is in the business of Whole Sale trading of packaged beverages and food products became the wholly owned subsidiary of PAPL on May 14, 2013. The issued and paid up capital of PBF as of March 31, 2013 is Rs. 987.44 Lacs.

#### **PAR LLC (PAR)**

PAR LLC is a United States Limited Liability Company incorporated in Texas on May 6, 2011. The Company is 100% owned by PAPL and owns real property in New York City, USA. The Company was set up for Investment purposes and is considered a United States real property holding company. The issued and paid up capital of PAR LLC as of March 31, 2013 stands at USD 2.2 million.

#### **Polyplex (Thailand) Public Co. Ltd. (PTL)**

PTL was incorporated as a private company on March 26, 2002 to manufacture and distribute PET film. In August 2004, the company was changed to a public company and listed on the Stock Exchange of Thailand (SET) in December 2004. As on date, PCL has 51% stake in the company through both direct and indirect shareholding and the balance 49% is with the general public. The issued and paid up capital of PTL as of March 31, 2013 stands at THB 800 million.

#### **Polyplex (Singapore) Pte. Ltd. (PSPL)**

PSPL was established in July 2004 as a wholly owned subsidiary of PTL, which further invested in Polyplex Europa Polyester Film Sanayi Ve Ticaret Anonim Şirketi (PE). The issued and paid up capital of PSPL (including Preference Share Capital) as of March 31, 2013 is Euro 9.14 million.

#### **Polyplex Europa Polyester Film Sanayi Ve Ticaret Anonim Şirketi (PE)**

PSPL had incorporated a 100% owned subsidiary company, PE in Turkey for setting up a greenfield polyester film plant to cater to the European and other proximate markets. The commercial operations started in December, 2005 with the start up of the first thin PET film line. The issued and paid up capital of PE, including additional contribution from PSPL, as of March 31, 2013 stands at Euro 8.83 million.

#### **Polyplex Trading (Shenzhen) Co. Ltd (PTSL)**

In the financial year 2009-10, PTL invested in the setting up of a wholly owned trading company in Shenzhen, China, through its 100% investment company in Singapore, PSPL. The decision to invest in the setting up of the trading company in China was a strategic initiative to establish the Company's presence in China, which is one of the largest and the fastest growing market in this industry. The issued and paid up capital of PTSL as at March 31, 2013 is USD 0.4 million.

#### **Polyplex Americas Holding Inc (PAH)**

In Financial Year 2011-12, PTL invested in setting up a 100% investment holding company in USA named PAH. PAH has further invested in Polyplex (USA) LLC, which is the manufacturing entity. The issued and paid up capital of PAH (including the Additional Paid-In Capital) as on March 31, 2013 is USD 29.62 million.

#### **Polyplex USA LLC (PU)**

Polyplex USA LLC was established in Financial Year 2011-12 as a 100% subsidiary of PAH. PU was incorporated to expand the global manufacturing footprint into North America by setting up a thin PET film line, a continuous process PET chips plant and metallizing capacity. Manufacturing operations at Decatur, AL have commenced with the commissioning of the thin PET film line in April, 2013. In order to streamline the manufacturing & distribution operations and to optimize costs, Polyplex (Americas) Inc. (PA), which was selling films in North America sourced from offshore manufacturing locations of the Group, has been merged with PU during Financial Year 2012-13. Under this merger, the minority stake in PA has been acquired by PTL. The members' contribution which represents the paid up capital of PU is USD 29.5 million as on March 31, 2013.

## Polyplex Resins Sanayi Ve Ticaret A.S (PR)

Polyplex Resins Sanayi Ve Ticaret A.S (PR) was incorporated in Turkey, in December 2011, as a 100% subsidiary of PAPL. In October 2012, PE acquired 67% stake in PR from PAPL. The PET Bottle Grade Resin line, the first such line in the Group, is under implementation at PR. The Paid up Capital of PR as at March 31, 2013 is Turkish Lira 20.2 million.

## EcoBlue Ltd. (EL)

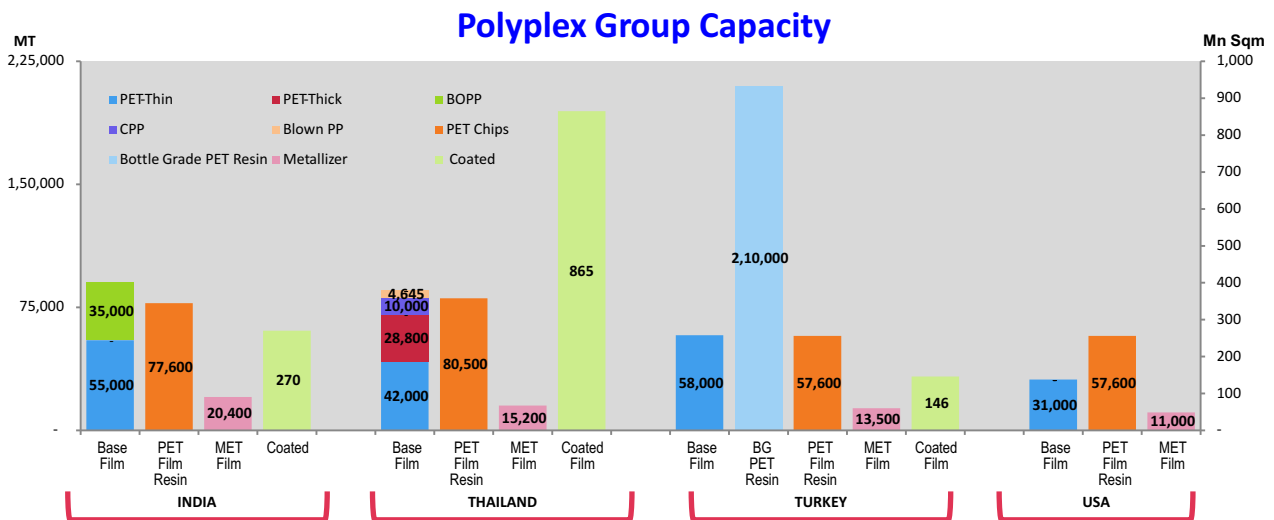
EcoBlue Ltd., a 80% subsidiary of PTL was established on 1st October 2012 in Thailand to provide end-of-life solutions for film-based waste. The Paid up Capital of EcoBlue Ltd as at March 31, 2013 is THB 20.14 million.

## Polyplex Europe B.V. (PEBV)

PEBV was established in Netherlands on April 17, 2013 as a 100% owned distribution subsidiary of PTL, to service EU customers for the value added products.

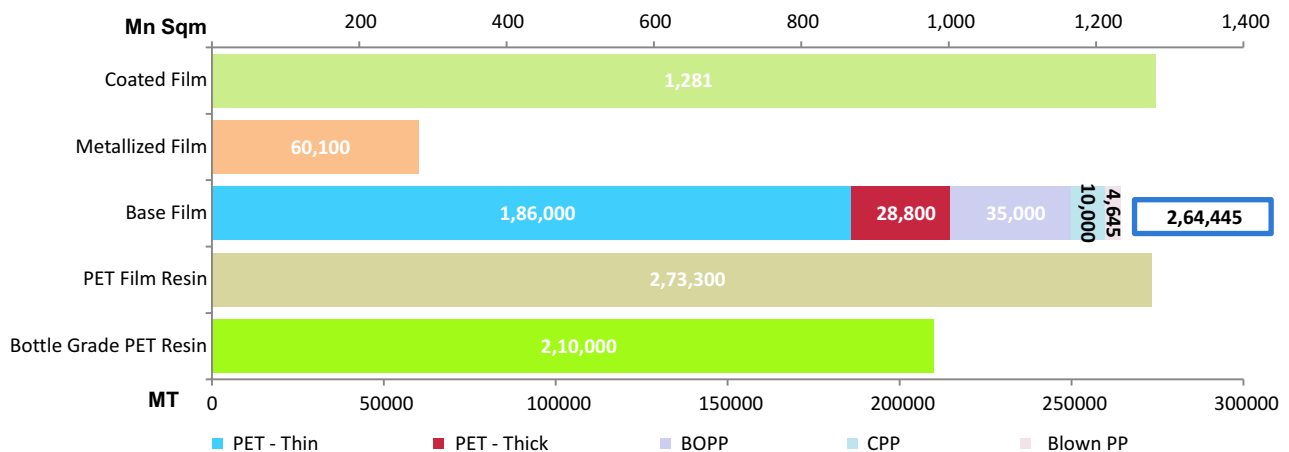
## PRODUCTION CAPACITIES

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



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) & Coated films (1090 million sqm)  
 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 films below 50 micron are characterized as thin film. In recent years, several intermediate thickness (23-150 micron) lines have also been installed. The PET film industry has seen many structural changes over the past few years with Asian countries dominating production and consumption.

All these years, Polyplex was predominantly operating only in 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 thin 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 evolution of technology.

Trial production has started at its thick PET film line in Thailand. The first film line in India had been revamped in Financial Year 2011-12 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 photovoltaic segments.

### Thin PET Film

The largest application of thin PET films is flexible packaging, which accounts for 71% of the total thin films used. 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 packaging material 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 around 7-9% 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 characteristic of the packaging segment has resulted in steady growth in demand, despite economic slowdown / muted growth since 2008.

An increase in the purchasing power in the developing countries has brought with it a rise in the per capita consumption of packaging material. The key drivers of demand growth in these regions are the increase in the share of organized sector in retailing, increasing consumerism, population growth and lifestyle changes arising out of higher disposable incomes, need for brand differentiation, environmental awareness, continuous product innovations, health awareness, favorable demographics and the resulting need for better and more convenient packaging. However, as compared to the mature markets, per capita consumption of packaging material in developing countries is still very low.



*Population Growth*



*Urbanization*



*Improved Quality of Life*



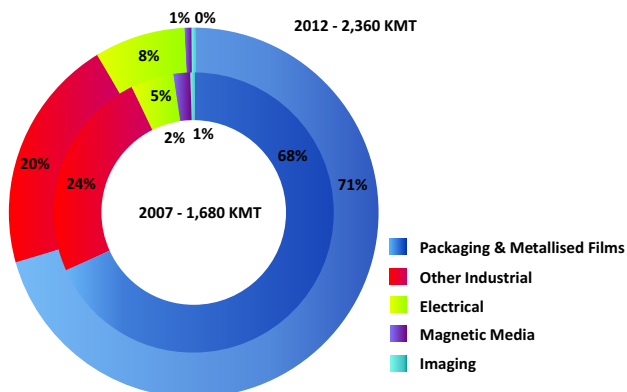
*Increasing Environmental Awareness*



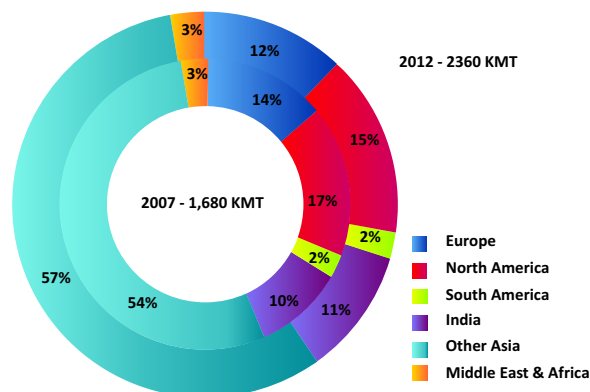
*Increasing Consumerism*

Asia is the largest market for thin PET films with almost three quarters of the global consumption in this region. Within Asia, India & China are the larger consumers of PET films and strong demand in these countries has pushed the average rate of growth to double digit levels. Growth in Asia is what is driving the overall global marketplace.

## Global PET Thin film demand by End Use



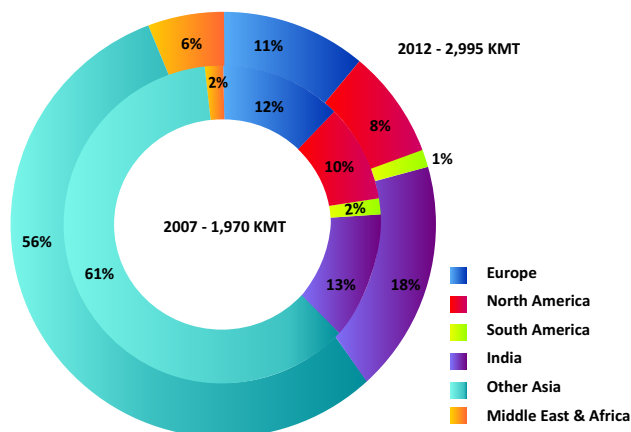
## Global Thin PET film demand by Region



Source : Company estimates

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.

## Global Thin PET film capacity by Region



Source : Company estimates

During the year 2012, the thin PET film industry witnessed an oversupply scenario due to excessive capacity addition following the exceptionally high margins witnessed in the PET film industry in 2010/2011. The supply overhang is expected to continue for another two to three years.

Global thin PET film growth rates are expected to be at about 7% for the next few years, with the demand in India & "Other Asia" growing at a higher rate of 8-10%. Companies with consistent quality products, diversified product portfolio, access to international customers and a better supply chain model stand a better chance of participating in the market growth and improving/maintaining their margins above the industry averages.

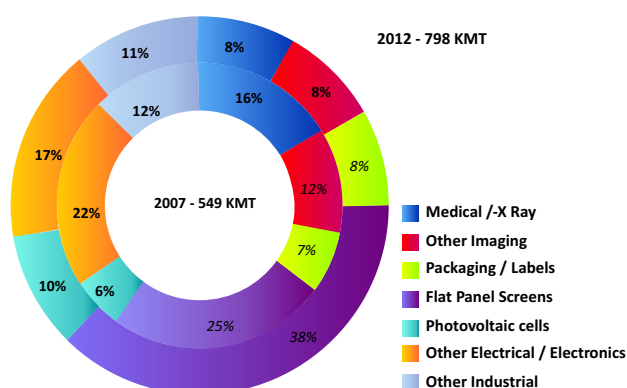


## Thick PET Film

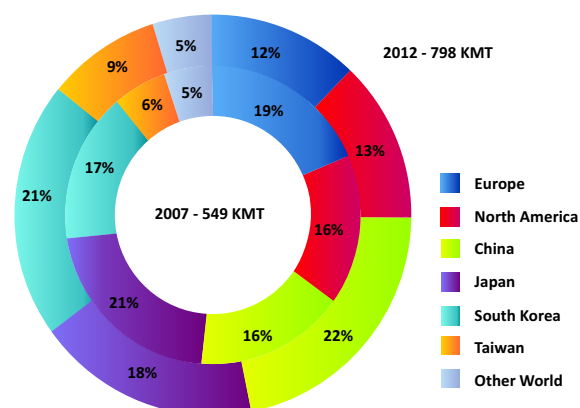
The demand of thick PET film is mainly concentrated in the developed economies of the world. Electrical and Industrial are the key end-use segments in the thick film industry. In the last few years the demand of thick PET film has been growing at a CAGR of about 7.0%.

New innovations and new applications in the Electrical segments (like Flat Screen panel, photovoltaic, etc) have been driving the growth in the recent years and would help this industry to continue to grow at a CAGR of about 6% in the medium term.

### Global Thin PET film demand by End use



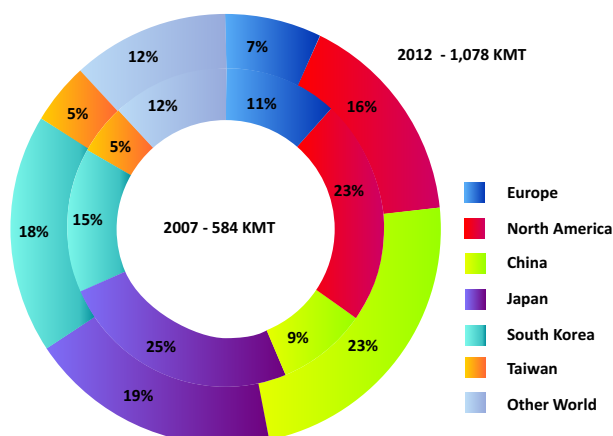
### Global Thick PET film demand by Region



Source : Company estimates

Similar to thin PET Film business, the additions in the capacity of thick PET film have been mainly by countries within Asia like China, South Korea and Japan. Producers in Europe and USA still continue to have more than 20% of world capacity.

### Global Thick PET film capacity by Region



Source : Company estimates

## BOPP & CPP FILMS BUSINESSES

The BOPP and CPP businesses 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 had expanded its capacity for this product range by commissioning a second coating plant in Thailand in Financial Year 2011-12.

PTL had 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 USA. Start-up trials have commenced.

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, reflective insulation and food packaging. Considering the growth opportunities, PTL has added a second extrusion coating line at the existing facility in Thailand which started commercial production in June, 2013.

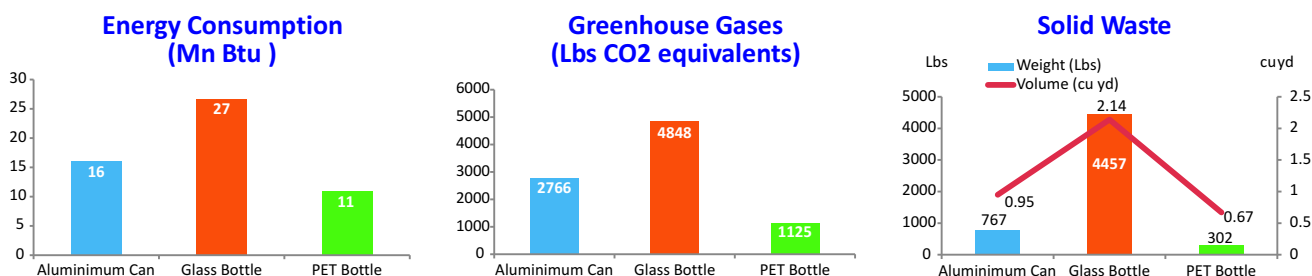
USA & EU are the main legacy markets for the products from these businesses. However, future growth rates are expected to be higher in Asia.

## 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 used for rigid packaging material for packing FMCG products like Mineral water, Carbonated Soft drinks, cosmetics, body care lotions and trays for food packaging etc. There is 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, good gas barrier properties, light weight, FDA approved for food packaging and ideal substitute for conventional 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 world's biggest and rapidly growing flexible packaging markets. The thin PET film market in India is estimated to be around 226,000 tonnes for the year 2012-13. During the current financial year, growth of 10-12% is expected on the back of sustained past growth in the flexible packaging industry in India. The total capacity in India is about 520,000 tonnes with some of the surplus being exported to other parts of the world.

The BOPP market in India is estimated at about 200,000 tons for the year under review with a capacity base of 530,000 tons. Demand is expected to grow around 10% annually.

The growth in the flexible packaging industry is sustainable on account of following reasons:

- Population Growth
- Increase in per capita income
- Urbanization
- Consumerism and focus on organized retail

- Growth of packaged products in rural areas
- Growth in small size packets, especially in rural market resulting in higher packaging demand
- Increasing substitution of aluminium foil with Metallized PET due to cost & environmental advantages

Exports of converted product have increased in recent times aided by strengthening of US Dollar vs. Indian Rupee.

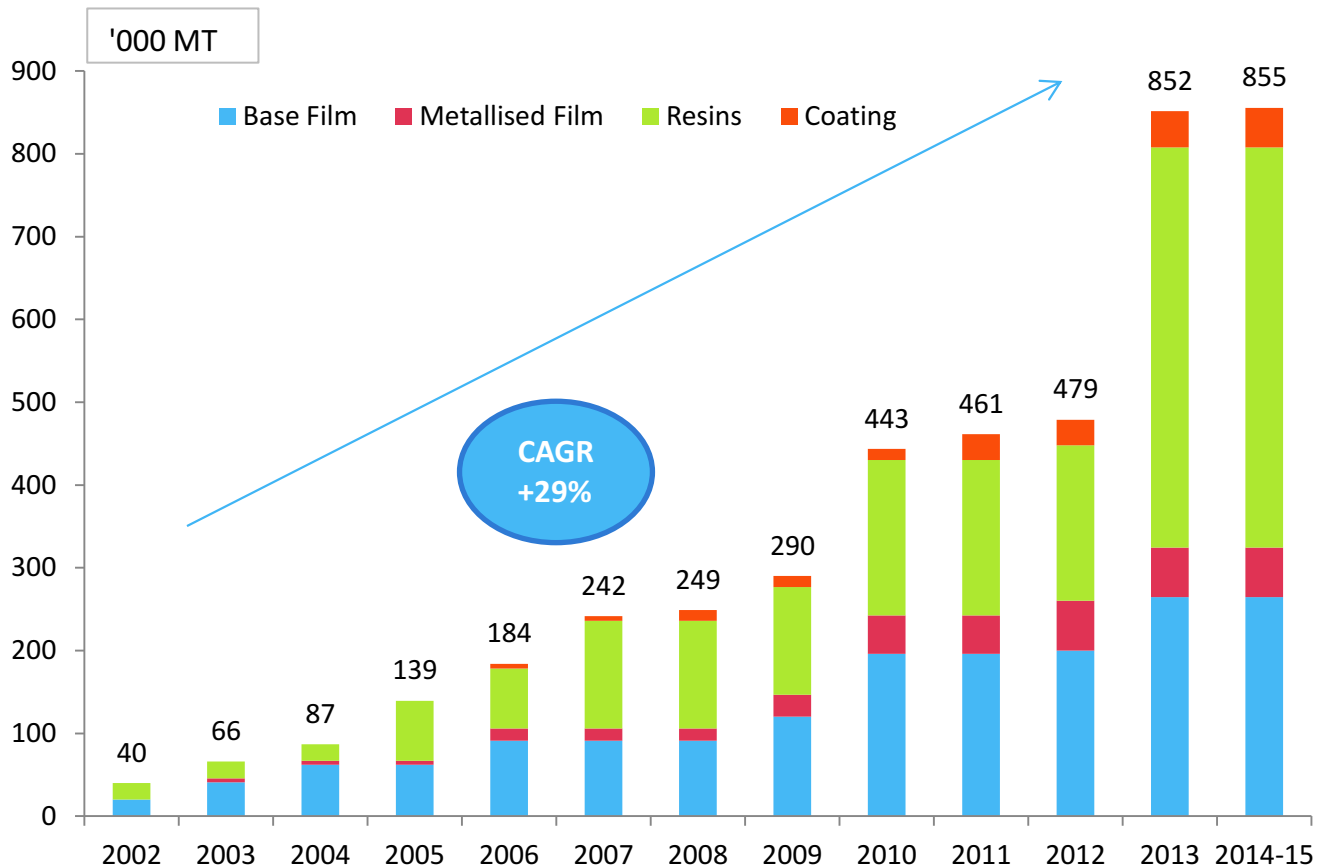
The demand of PET film in India has recovered from the steep cutback in demand due to ban on use of plastics in Gutka/Pan Masala in early 2011. Large capacity additions post 2010 short supply situation has led to significant excess capacity. There is a tapering down in new capacity installation in 2013 and assuming a similar trend, the demand supply situation should stabilize in the next three years.

## 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. Greenfield expansions in USA and distribution companies in China & Netherlands are recent steps in continuation of this strategy.
- Integrated manufacturing facilities with high productivity assets to ensure cost competitiveness.
- Enhancing the proportion of specialty product revenues.
- Accelerated 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, Blown PP & Thick PET film line in Thailand, BOPP line in India are the steps taken in this direction. Current initiatives include offline coating lines in Turkey & India.
- Related Diversification 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 had been a strategic move of the Company in this direction which has created the base for subsequent investment into a manufacturing operation. The distribution entity in USA has now been merged with the manufacturing entity to improve economies of operations. The representative office in Malaysia and the distribution set up in Poland are other examples of the onshore distribution model.
- Supplementing the trend of continuous organic growth, the Company had acquired the plastic metallizing 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, Alabama to be integrated with the thin PET film line while some assets have been/will be shifted to other Group locations.
- Investment in the fast growing beverage market in India is another step towards diversification. Packaged beverages & food products are one of the most fast growing categories in the consumer products space.
- Increased emphasis on upgrading technical services 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; use of rice husk boiler for heating instead of more expensive furnace oil.
- Maintaining a liquid and strong 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. The Company has achieved a CAGR of 29% in capacity in the period of 2002 to the post expansion period i.e. 2014-15.



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.

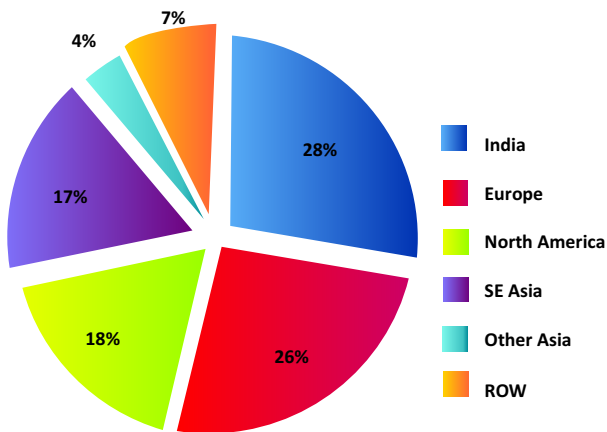
## PERFORMANCE DURING THE YEAR

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

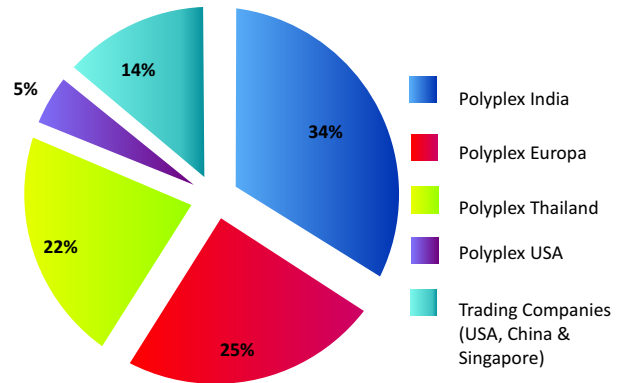
### Sales & Operations:

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 1350 end customers and low customer concentration. Its top 10 customer Groups contributed 26% of total revenues in 2012-13. 71% of the Company's revenues were from PET films in 2012-13. Of the total sales, 65% 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:

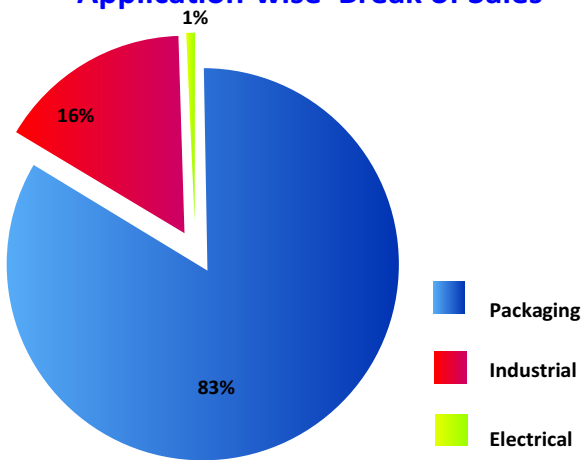
**Region-wise Breakup of Sales**



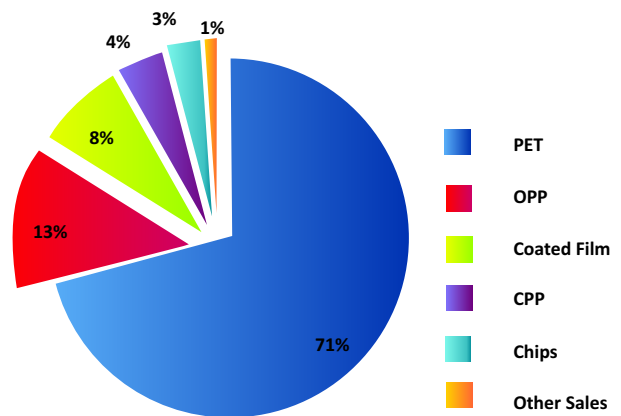
**Operating Company-wise Breakup of Sales**



**Application-wise Break of Sales**

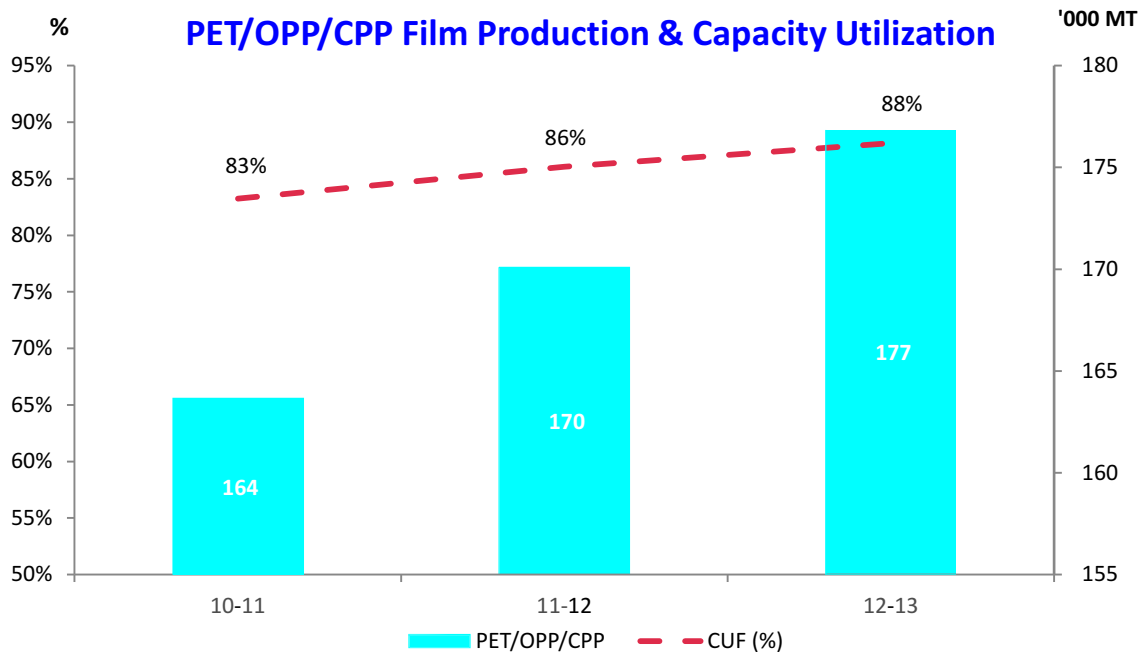


**Business Segment-wise Break of Sales**



^ Includes 2 months of trading turnover post merger of PA with Polyplex USA

During the year under review, Polyplex was also able to increase the capacity utilization for OPP, CPP and PET film. The trend in production and utilization levels for all Base films (PET/OPP/CPP) is as under:



## FINANCIAL PERFORMANCE

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

	2012-13		2011-12		Change
	(Rs. in Lacs)	% of Total Expenses	(Rs. in Lacs)	% of Total Expenses	(YoY)
Sales & Other Income	2,59,827	100%	2,48,063	100%	5%
Manufacturing Expenses	1,91,447	74%	1,68,331	68%	77%
Operating and other Expenses	43,280	17%	33,401	13%	15%
<b>EBITDA</b>	<b>25,100</b>	<b>10%</b>	<b>46,331</b>	<b>19%</b>	<b>-46%</b>
Interest & Finance Charges (Net)	3,234	1%	3,384	1%	2%
Depreciation and Amortization	14,995	6%	13,082	5%	6%
<b>Income Before Income Tax (Pre- Exceptional Items)</b>	<b>6,871</b>	<b>3%</b>	<b>29,865</b>	<b>12%</b>	<b>-77%</b>
Exceptional Gain / (Loss)		0%	(11,046)	-4%	
Provision for Income Tax	241	0%	(1,989)	-1%	
<b>Net Income (Before Minority Interest)</b>	<b>6,629</b>	<b>3%</b>	<b>20,809</b>	<b>8%</b>	<b>-68%</b>
Minority Interest	4,506	2%	11,411	5%	
<b>Net Income (After Minority Interest)</b>	<b>2,123</b>	<b>1%</b>	<b>9,398</b>	<b>4%</b>	<b>-77%</b>

The decline in EBITDA is partially on account of lower margins in both PET and OPP films and partially due to increase in other manufacturing and operating costs in comparison to the previous year. The decline in product margins is an outcome of imbalance in the demand – supply situation, due to new PET and OPP film capacity additions globally.

During the previous year, the Company had changed the depreciation policy in India from Straight Line Method (SLM) to Written Down Value (WDV) Method. In the year under review, the additional depreciation charge is Rs. 3,029.40 Lacs [Previous year - Rs. 10,682 Lacs out of which Rs. 7,079 Lacs had been shown as an exceptional item as it pertains to earlier years]. Exceptional item for the previous year also includes exchange loss of Rs. 3,967 Lacs on redemption of preference shares by a subsidiary.

### 1. Sales and Other Income

	2012-13 (Rs. in Lacs)	2011-12 (Rs. in Lacs)	Change (YoY)
Sales & Operational Income	2,53,119	2,41,577	5%
Other Income	6,707	6,486	3%
<b>Total</b>	<b>2,59,827</b>	<b>2,48,063</b>	<b>5%</b>

The decline in the selling price of base films in the year under review has been made up by increase in sales volumes leading to a marginal increase in the top line.

Other income includes foreign exchange gains and the interest income generated through deployment of surplus cash in low risk money market instruments/Bank Deposits/Corporate Bonds.

The Break-up of Sales and Operational Income reveals 71% from PET Film (73% in 2011-12), 3% from PET Chips (2% in 2011-12), 8% from Coating businesses (7% in 2011-12), 13% from BOPP films (13% in 2011-12) and 5% from CPP films/other sales (5% in 2011-12).

## 2. Manufacturing Expenses

	2012-13 (Rs. in Lacs)	2011-12 (Rs. in Lacs)	Change (YoY)
Raw Materials Consumed (Incl. Stock Accretion/Decretion)	1,58,252	1,41,188	12%
Power & Fuel	16,758	14,390	16%
Packing Material Consumed	8,903	7,874	13%
Stores & Spares Consumed	5,711	3,642	57%
Repairs and Maintenance	1,823	1,236	47%
<b>Total Manufacturing Expenses</b>	<b>1,91,447</b>	<b>1,68,331</b>	<b>14%</b>
<i>as a % of Sales and Other Income</i>	<i>74%</i>	<i>68%</i>	

Manufacturing expenses in absolute terms have increased by 14% and as a percentage of sales and other income, have gone up from 68% to 74% due to reduction in the product prices as also increase in raw material costs on the back of higher volumes.

Other manufacturing costs like power & fuel, packing cost, stores & spares and repair & maintenance have also increased mainly due to increase in energy prices, impact of inflation, Foreign Exchange fluctuations & maintenance expenditure besides higher volumes.

## 3. Operating and other Expenses

	2012-13 (Rs. in Lacs)	2011-12 (Rs. in Lacs)	Change (YoY)
Personnel Expenses	17,967	13,132	37%
Administrative Expenses	11,038	7,716	43%
Selling Expenses	13,996	12,395	13%
Other Expenses	279	158	77%
<b>Total Operating and other Expenses</b>	<b>43,280</b>	<b>33,401</b>	<b>30%</b>
<i>as a % of Sales and Other Income</i>	<i>17%</i>	<i>13%</i>	

Operating and other expenses are significantly higher reflecting the impact of inflation, expanded scale of operations and revenue expenses related to several projects under implementation across Thailand, Turkey and USA.

## 4. Interest & Finance Charges (Net)

	2012-13 (Rs. in Lacs)	2011-12 (Rs. in Lacs)	Change (YoY)
Interest Expense	2,786	3,003	-7%
Bank & Other Financial Charges	447	381	17%
<b>Total Interest and Finance Charges</b>	<b>3,234</b>	<b>3,384</b>	<b>-4%</b>
<i>as a % of Sales and Other Income</i>	<i>1.2%</i>	<i>1.4%</i>	

Financial expenses are lower than the previous year due to scheduled repayment of debt by PE and PCL. Interest on Loans against projects under implementation is capitalized as per accounting norms.

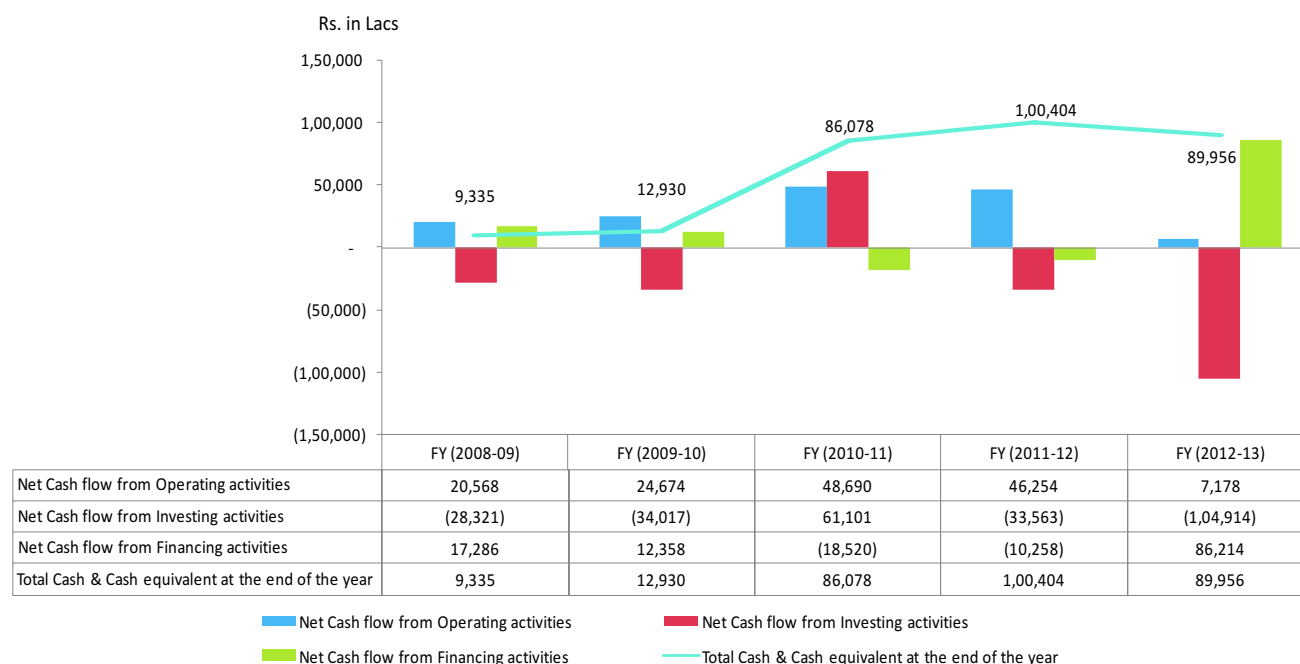
## 5. Liquidity & Capital Resources

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 Rs. 1,43,103 Lacs (including unutilized working capital limits of Rs. 51,082 Lacs) as at the end of the reporting period.



## Cash flows for last 5 financial years



## Cash flow from operations

For the year under review, cash-flow from operating activities sharply declined to Rs. 7,178 Lacs with lower product margins, higher operating costs and increase in net working capital invested in the business.

## Cash flow from investing activities

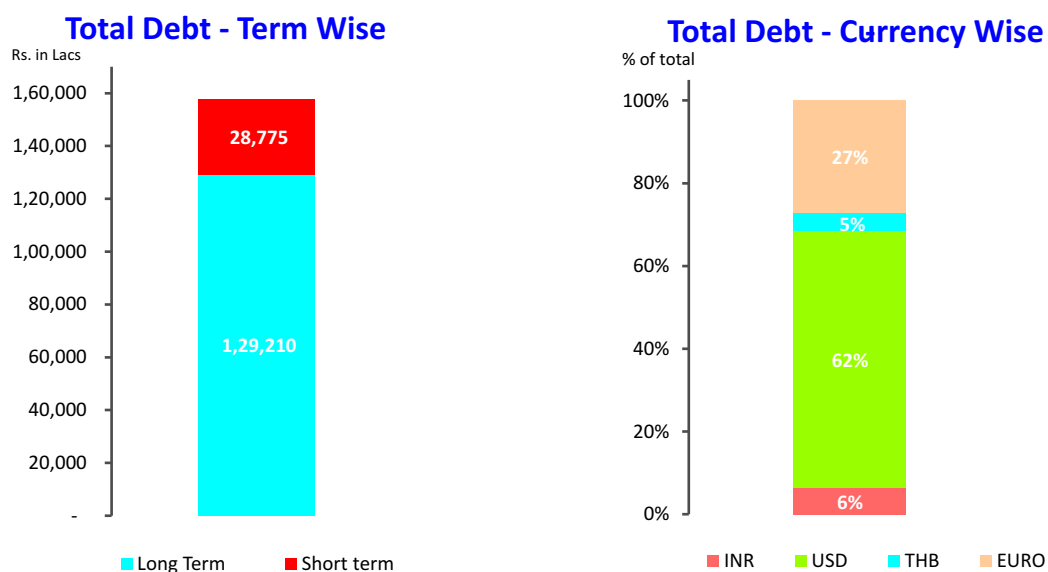
The cash generated was used in investment in fixed assets to the tune of Rs. 104,572 Lacs in 2012-13 (Rs. 24,569 Lacs in 2011-12), mainly towards on-going projects at various locations. In 2012-13, Rs. 4,680 Lacs were deployed in long term investment held for maturity. Interest and dividend income during the year is Rs. 2,845 Lacs (Rs. 2,825 Lacs in 2011-12).

## Cash flow from financing activities

During the year a net amount of Rs. 90,935 Lacs was borrowed (after accounting for repayment) against long-term and short-term debt (Rs. 3,588 Lacs net repayment in 2011-12). The Company paid dividend (including distribution tax) of Rs. 1,483 Lacs in 2012-13 (Rs. 2,590 Lacs in 2011-12).

## 6. Debt Profile

Total debt (including interest accrued) as on March 31, 2013 was Rs. 157,985 Lacs, a increase of Rs. 85,662 Lacs from a debt level of Rs. 72,323 Lacs as of March 31, 2012. This is due to the loans availed for the various ongoing projects undertaken in Thailand, Turkey and USA.



## PROJECTS

The thin PET film line in USA and the second extrusion coating line in Thailand have been successfully commissioned in Q1 of 2013-14.

Several projects are under implementation. Most of these are expected to be completed within 2013-14. The total capital cost for these projects amounts to Rs. 1,800 crores with the debt component fully tied up. Once operationalised, these projects should lead to an incremental turnover of approx. Rs. 2,500 crores by the year 2015-16.

Project Details	Location	CapexType	Start up period
Thin PET Film Line with Resin Plant & Metallier	USA	Greenfield Expansion	Film Plant - started in April, 2013, Resins - Start up expected in Q4, Financial Year 2013-14
Thick Polyester Film line with Resin Plant	Thailand	Brownfield Related Product Line	Film Plant - Trial runs started. Resins - Start up expected in Q2, Financial Year 2013-14
Blown PP Line	Thailand	Brownfield Backward Integration	Trial runs started.
Extrusion Coating Line 2	Thailand	Brownfield Expansion	Started In June, 2013
Recycle Project	Thailand	Green Initiative	Q2 - Financial Year 2013-14
Bottle Grade PET Resin Plant	Turkey	Brownfield Similar Product Line	Q2 - Financial Year 2013-14
Offline Coater	Turkey	Brownfield Forward integration	Q2 - Financial Year 2013-14
Offline Coater	India	Brownfield Forward integration	Q1- Financial Year 2014 -15

### Thin PET Film Line - USA

In order to expand global manufacturing footprint and to ensure on-shore delivery model, a thin PET film line, a continuous process PET resin plant and metallizing capacity is being implemented in Decatur, Alabama, USA. The capacity of Thin PET film line is 31,000 TPA and of the resin plant is 57,600 TPA. During the year, the US entity has acquired some metallizing assets in Georgia with an aggregate capacity of 13,500 TPA and a part of it has already been shifted to the Group entity in Turkey.

#### **Thick PET Film Line – Thailand**

The project is for a Thick Polyester Film Line along with Batch Resin Plant with an annual capacity of 28,800 MT for the Film Plant and 28,000 MT for the Resin Plant. The product range from this new film line would be PET thick film in the range of 25-350 micron thickness. This would enable the Company access to several new growth applications in optical & photovoltaic end use segments.

#### **Blown PP/PE Line – Thailand**

Blown PP/PE line with an annual capacity of 4,645 MT would be a captive input for further silicone coating in the Saracote plant with a view to enable better utilization levels and expand the product mix into “peel & stick” liners for the roofing industry.

#### **Extrusion Coating Line II – Thailand**

In order to expand the capacity of its downstream products, the Company has added a second extrusion coating line with an annual capacity of 215 million sqm. The main markets for this product are USA, Europe & South East Asia.

#### **Recycling of Plastic waste – Thailand**

As a sustainability initiative, the Company is working on a project to recycle process waste into high quality resins. The project, is being implemented in Thailand, under a 80% held subsidiary of PTL, named EcoBlue Limited. The rationale of the project is derived from availability of captive waste which helps in the ability to segregate various kinds of waste at source, handle the material better, minimize the contamination and reduce the dependence on external sources for materials. Also, co-location of the project with PTL's existing units would result in savings in capital costs and at an operational level in freight, packing & inventory.

#### **Bottle Grade PET Resin Plant – Turkey**

As a diversification strategy, the Company is implementing a bottle grade PET resin plant in Turkey with the annual capacity of 210,000 tonnes in a newly incorporated entity. This project with a high capital turnover ratio provides an opportunity to create another stream of profitable growth. It is a high growth industry with regional growth rates higher than corresponding GDP growth rates mainly driven by growth in the usage of FMCG products like Mineral water bottles, Carbonated Soft drinks etc. PET bottles offer unmatched value along with low cost as compared to glass bottles and PVC polystyrene.

#### **Offline Coater – Turkey**

The Offline chemical coater at PE, Turkey will produce specialty products with an annual capacity of 2300 TPA. It would enhance the existing product offering, provide an opportunity for profitable deployment of cash surpluses and enhance the leadership position in its natural markets, as PE shall be able to provide their customers a platform to jointly develop products and innovate along with PE.

#### **Offline Coater – Bajpur, India**

The Company is setting up an Offline Chemical Coater at the existing location at Bajpur for producing specialty products with an annual capacity of 1500 TPA. This would enhance the existing product offering and is a value proposition for the customer at a relatively lower capital cost.

#### **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 society. 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, the Company runs 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 the local community at Bazpur, the Company has set up “Polyplex Foundation”, a society registered under the Society Registration Act, 1860, to establish and run a private unaided CBSE affiliated school.

Under a P.P.P. (Public Private Partnership) model at Bazpur and Khatima, Polyplex has adopted two local schools, providing necessary infrastructure. 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.

The Company promotes 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, orphanage donation, installation of potable water coolers in public spaces, and active support to flood relief efforts in India and Thailand. In Rayong, Polyplex has collaborated with the Department of Fisheries to release shrimps into the Dok-Krai reservoir to generate local employment.

## SUSTAINABILITY

Polyplex is committed towards sustainability and aims to be a total packaging solutions provider for the customers while providing the highest standards of health and safety to the workforce, and developing products with minimal environmental impact.

As an organization, the Company continually strives to:

- Improve production and operational efficiencies to have optimal consumption of resources like electricity, water and raw materials
- Minimize the impact on the environment by reduction and better management of emissions, waste and effluents from operations
- Develop and promote the proportion of green products in the portfolio
- Improve safety and health standards 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
- Engage with all stakeholders in value chain to encourage and promote sustainable business practices.

The Company has been following best practices relating to Environment, Health and Safety and has been diligently following the guidelines been set out as per the following certifications:

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

Polyplex has undertaken following substantive environment related improvement initiatives:

- Switchover from Furnace Oil to Husk for oil heating at Bajpur which leads to reduction in green house gases. This is expected to be implemented at the Khatima facility during the current year.
- Start monitoring of carbon footprint at all manufacturing locations
- Successful development of Green PET film with a significant proportion of bio sustainable inputs and/or usage of recycle
- Setting up recycling unit in Thailand in order to provide sustainable solution for film based process waste.

The Company for the first time has reported its sustainability indicators covering Environmental, Social and Economic dimension to GRI (Global Reporting Initiatives). The report covers all the manufacturing locations for the year 2011-12.

## INNOVATION

Polyplex Innovation Center follows the "Lean Innovation Model" which focuses mainly on creation of profitable value to customers. It aims to provide more than simply a new product or a substrate. It works on the concept of co-creation in various innovation programmes with our extended partners which include customers, brand owners, packaging designers, suppliers and adhesive manufacturers. Polyplex Innovation Center has extended collaborative programmes with external research institutions in the field of nano, barrier and bio degradable product technologies.

Polyplex has adopted a defined and formalized customer engagement process to align with the customers' needs.

## HUMAN RESOURCES

Fast growth has created the need for a robust system for developing leadership to fulfill operational & project needs. In order to place the right attention, Polyplex has taken following initiatives during the last 12 months

- Assessment at the middle management / senior management leadership level
- Specific development plan to ensure that managers are ready to take over progressively higher leadership roles
- Hiring of people from premier institutes and allowing them to develop on fast track under proven leaders in the organization.

Polyplex has successfully fulfilled hiring requirements to support new projects in USA, Thailand, Turkey and India. The current manpower base is about 1750.

In order to improve overall engagement and performance of employees, the Company is in process of strengthening its Human Resource Information System (HRIS) to cover all aspects of "recruit to retire" processes. Further, keeping in mind the global requirements, the Group plans to have a common HRIS system at all locations in India and overseas. This will help improve efficiency and accuracy of information and quality of decision-making on people related issues.

As an endeavor to institutionalize HR practices across the Group, Polyplex has successfully deployed a HR manual covering all processes and policies.

The Company has created "Business Process Excellence (BPE)" team for spearheading major Group level improvements besides capitalizing on inter unit learning. Further, following committees have been formed at the Group level to improve experience sharing and co-creating better solutions:

- Group Operation Committee (GOC) - comprising of all Head of Operations, Plant Heads & BPE team members
- Group Executive Committee (GEC) - comprising all the profit center heads & head of Group functions.

Industrial relations (IR) have been peaceful at all the units.

## INFORMATION TECHNOLOGY

During the year under review, Turkey, USA and Thailand IT application platforms have been extended to cover new projects and operations in these locations. In addition to various IT applications improvement initiatives, four major IT development projects have gone live and two projects are under implementation. Further initiatives are planned to enable extension of business processes to customers and vendors to achieve operational efficiencies and effectiveness.

The Company also started initiatives to improve data backup and disaster recovery operations during the year. IT network and infrastructure has been deployed in USA for the new manufacturing facility. During the year under review, steps were also taken to improve Virtual Private Networks between sites to optimize cost and bandwidth. On the communications side, the Company continues to invest regularly in better infrastructure.

## INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The Company is fully committed to ensure an effective internal control environment which provides assurance to the Board of Directors and the management that there is a structured system for

- Purchases (including raw materials, stores and spares, plant & machinery, equipment and other similar assets)
- Sale of goods

- Monitoring of Operations
- Safeguarding assets from unauthorized use
- Maintaining proper financial reporting system
- Evaluating and managing risks and
- Compliance with statutory regulations.

The Company has an overall framework for managing the risks in terms of the Enterprise Risk Management (ERM) policy.

The internal control system is supplemented by an independent internal audit function which reports directly to the CEO. Continuous efforts are made to review the existing system to bring about further improvements and document process gaps. The Company continuously upgrades its internal control system by measures such as strengthening of IT infrastructure and use of external management assurance services. Further, companywide adherence to best practices is achieved through a combination of internal audits, management reviews and audit committee interventions.

## **FUTURE OUTLOOK & PLANNED INVESTMENTS**

The exceptionally high margins in 2010/2011 have attracted a lot of new investments in the PET film business. While most of these have started commercial operations, there are still several lines which are likely to come on-stream in the current and the next year. Demand growth remains intact and robust. Nevertheless, lumpy capacity additions in anticipation of future growth do create periods of high competition with the resultant moderation in margins.

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

## **RISKS**

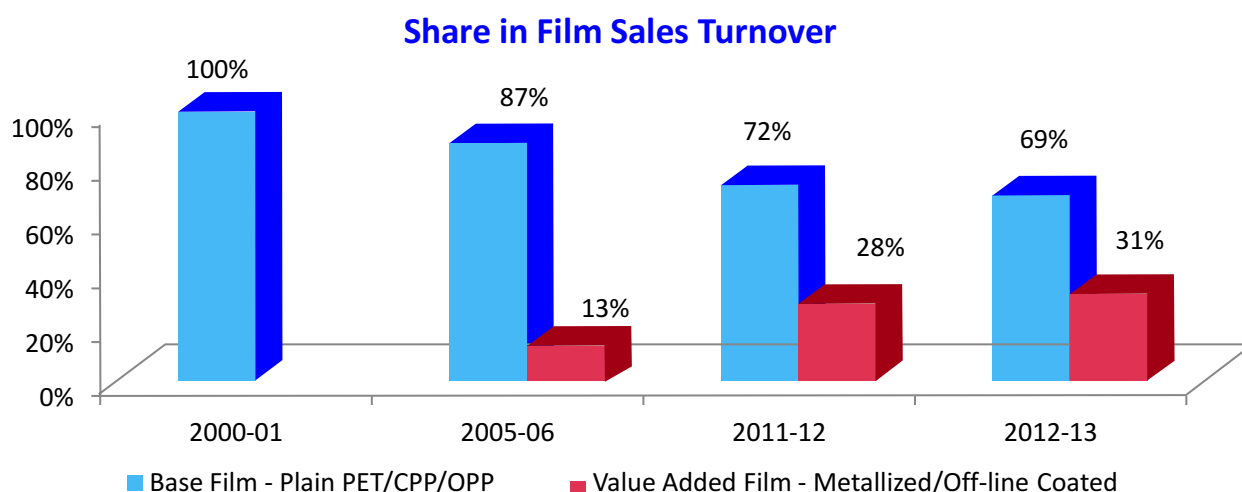
### **COMPETITION & BUSINESS CYCLES**

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 for the next 24 - 36 months whereas growth in demand is expected to be linear, and hence the current situation of over supply is expected to remain for another 2-3 years. The Company's business model is designed to moderate volatility in earnings and build long-term competitiveness based on:

- State-of-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 and 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 and reduces the exposure to commodity films.
- 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 absorption besides creating a strong technical services team is likely to be additional differentiators between Polyplex and its competition.

- Increasing the proportion of specialty product revenues. A historical trend is given below:



### VOLATILITY IN COMMODITY PRICES

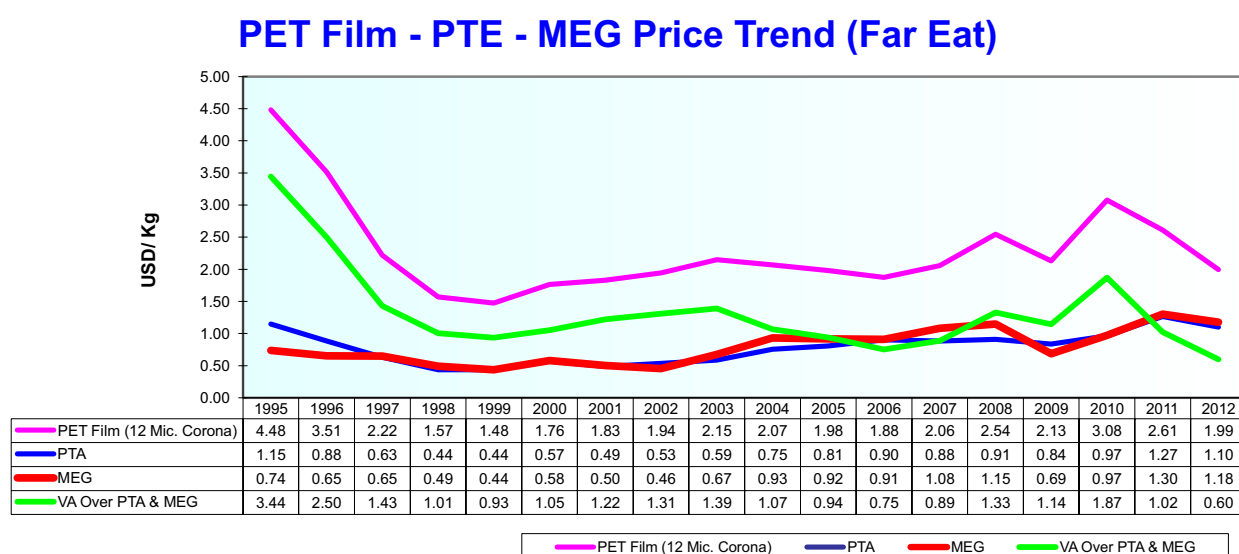
The basic raw material for production of PET film is PET resin, which in turn is produced from Purified Terephthalic Acid (PTA) and Mono Ethylene Glycol (MEG).

Cost of resin is the single largest component of the total production cost of Polyester film and any adverse fluctuation in the resin price can 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 able to adjust the selling prices following any changes in the PET resin cost and other operating costs.

During the Financial Year 2012-13, the PET film industry witnessed a significant over supply situation, brought about by the additional supplies which came into the market in 2011 and 2012, following extraordinary high margin levels witnessed in year 2010-11. There was tremendous pressure on the selling prices, due to which the margins of all PET film manufacturers declined to historically low levels.

Analysis of historical data shows high correlation between PTA/MEG and polyester film prices. The spread between two intermediates would vary depending upon the demand-supply situation. 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 correlated with that of PTA & MEG for the Far East Asian region:



Source: Company Estimates

Variations in the raw material prices by and large tend to get passed on to the end-customers and the spread between the raw material and PET films normally move in a band. However, as per the above industry data for Far East, the year 2012 has witnessed considerable oversupply and the entire burden of raw material prices were not passed on to the end-customers, thus leading to all time low spreads. 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 duties and countervailing duties.

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, US and Brazil 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, usually rendering the targeted exporters uncompetitive. 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 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 the recent administrative reviews conducted by the US Department of Commerce, duties on these countries (other than Thailand) have been reiterated at almost similar levels with the minimum being revised to 0% for some producers.

As per the final results of the administrative review conducted by the US Department of Commerce for the review period 2010-11, exports from Polyplex India to US are not subject to Anti Dumping Margins. However, Polyplex India is still subject to CVD rates of 7.6% in USA. With the start up of thin PET film line in USA, Polyplex would be able to service customers in USA through local production. Over the last year or so, AD & CVD duties imposed by EU on imports from India have been eliminated.

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. With effect from July 2013, duties imposed by Brazil on imports of PET films from India (AD & CVD both) & Thailand (AD only) have lapsed.

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.

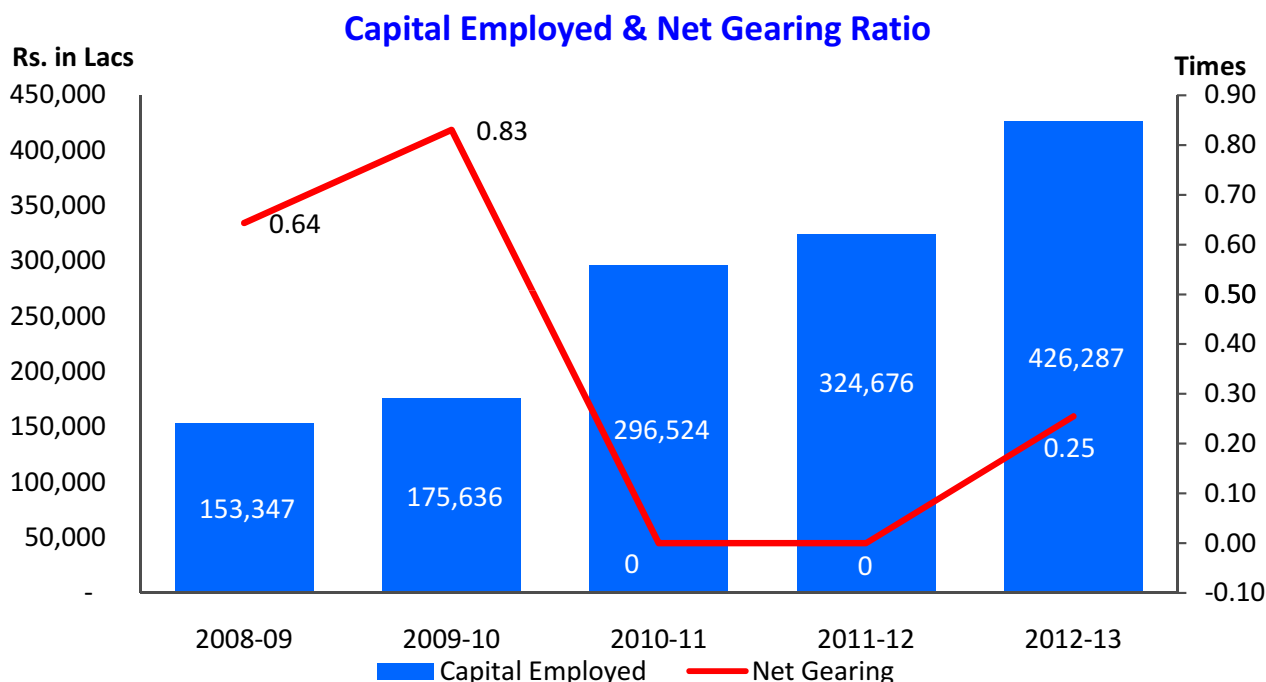
## **LIQUIDITY & SOLVENCY**

Global economic conditions are showing some signs of improvement in terms of growth in private demand and improvement in the labor market in US. But, Euro zone still remains in an austerity driven recession that has spread to the core. The Federal Reserve is expected to reduce the size of its quantitative easing programme on account of some improvements in the US economy. However, the risks still remain on account of high level of unemployment in advanced economies, high inflation in developing economies and weaker credit systems.

Notwithstanding large capital outlay over the last two years, the Company has sufficient cash reserves, affording the debt equity ratio to be comfortably below 1.00. Cash and equivalents together with undrawn credit lines (excluding project financing) and liquid investments aggregated to more than Rs. 1,43,100 Lacs (including unutilized working capital limits of Rs. 51,082 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 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 the year 2012-13 is quite comfortable at 0.25.

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

FX 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, 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 the net exposures 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 Company also continuously monitors its structural risk in order to understand the underlying FX risk and its impact on the business.

The main currencies of borrowing for the Company are USD, EURO, Rs. & THB. 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 27% and balance by Rupee & THB. Though the recent spike in USD appreciation would have a negative impact on our USD loan liability but with majority of exports in USD, the impact on the Company is subdued.

Interest rate risk is the risk borne by interest bearing debt and investments, due to variability in interest rates. In case of financing done at floating rates, as the interest rates changes (due to monetary actions), cost of borrowing also changes, thus impacting the cash flows. In order to have a more balanced loan portfolio, the Company has 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, 2013, 93% 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 2012-13 was 49 days as compared to 40 days in 2011-12. The risk is secured either through trade instruments or credit insurance. The Company has a well defined and robust internal credit management system to monitor unsecured sales. Over the years, the number of customer has increased to 1350 in 2012-13 with low concentration as evidenced by 26% of the total revenues in 2012-13 being contributed by the top 10 customer Groups of which about half is 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 string internal credit risk management policy has enabled it to manage 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.

## **MARKET RISK**

The major risk associated with any new project is the market risk. Since Polyplex has a global reach and an extensive marketing and distribution network, the Company does not foresee any major risk in developing markets for new products. Though PET thick film is a new product, the Company has already started establishing contacts with key customers in the target markets and remains confident of ramping up sales smoothly. The bottle grade PET resin plant is based on a strategic location which provides access to large domestic (Turkey) and near shore markets (West & East Europe). Also, the large deficit markets like Bulgaria, Ukraine & Romania can be most efficiently served out of Turkey.

## **COUNTRY RISK**

The installed capacity of base films as also downstream units is quite evenly spread out among the four manufacturing country locations of India, Thailand, Turkey & USA. Therefore fortunes for the parent company in India are intricately interwoven with the success of the manufacturing operations in Thailand, Turkey & USA. 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 and in USA now, it would appear that the risks are not significant. Though some political problems have been faced in the past 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.

## **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.

## DIRECTORS' REPORT

Your Directors have pleasure in submitting the Twenty-eighth Annual Report and Audited Accounts for the year ended March 31, 2013.

### 1. Financial Highlights and Operations

The stand-alone financial performance of the Company for the year ended March 31, 2013 is summarized below:

(Rs. in Lacs)

	2012-13	2011-12
Gross Revenue	99,673.57	1,04,386.26
Profit before Finance Cost, Depreciation & Amortisation and Tax and Exceptional Items	10,327.95	22,171.87
Less : Finance Costs	2,170.68	2,648.46
Less : Depreciation & Amortisation	7,785.41	7,369.85
Profit before Tax and Exceptional Item	371.86	12,153.56
Add: Exceptional Item- Gain/ (Loss)	116.13	(7078.80)
Profit before Tax but after Exceptional Item	487.99	5,074.76
Tax expenses & prior period adjustment	(23.50)	(2,524.67)
Profit after Tax (PAT)	511.49	7,599.43
Add : Surplus brought forward	27,121.33	21,768.83
Profit available for Appropriations	27,632.82	29,368.26
Appropriations:		
Transfer to General Reserve	52.00	760.00
Interim Dividend	—	—
Proposed Final Dividend	959.54	1,279.38
Corporate Dividend Tax	—	207.55
Balance surplus carried to Balance Sheet	26,621.28	27,121.33

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

(Rs. in Lacs)

	2012-13	2011-12
Gross Revenue	2,59,826.63	2,48,062.77
Profit before Finance Cost, Depreciation & Amortisation and Tax and Exceptional Items	25,099.55	46,331.35
Less : Finance Costs	3,233.64	3,383.87
Less : Depreciation & Amortisation	14,995.40	13,082.12
Profit before Tax and Exceptional Item	6,870.51	29,865.36
Add : Exceptional Item - Gain /(Loss)	—	(11,045.78)
Profit before Tax but after Exceptional Item	6,870.51	18,819.58
Provision for Tax & prior period adjustment	241.21	(1,989.37)
Profit after Tax before Minority Interest	6,629.30	20,808.95
Less : Minority Interest	4,506.04	11,410.52
Profit after Tax and Minority Interest	2,123.26	9,398.43
Earnings Per Share of Rs.10/- Each (Rs.) (Basic)	6.64	29.38
Earnings Per Share of Rs.10/- Each (Rs.) (Diluted)	6.64	29.38

### 3. Year in Retrospect

During the year under review, Company was able to maintain Consolidated Gross revenue by increasing sales volumes despite sharp decline in selling prices and margins in Plastic Films in comparison to the previous year. The fall in selling prices was due to creation of new PET film capacity globally combined with a linear and flower growth in demand.

Consolidated Net Income (before taxes, exceptional items and minority interest) for the year under report is Rs. 68.70 Crores as against Rs. 298.65 Crores during the previous year.

With a strong financial position on consolidated basis, the company is in the process of commissioning several new projects in Thailand, USA and Turkey. These new projects 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 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 Final Dividend of Rs. 3/- 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.

Peninsula Beverages and Foods Company Private Limited, India, EcoBlue Limited, Thailand and Polyplex Europe B.V., Netherlands became step-down subsidiaries during the period under report.

Polyplex (Americas) Inc., ceased to be step-down subsidiary of the Company upon its merger with Polyplex USA LLC w.e.f. January 31, 2013.

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.

### 7. Consolidated Financial Statements

Audited Consolidated Financial Statements for the year ended March 31, 2013 under Indian GAAP are attached.

### 8. 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, 2013 and of the profit of the Company for the year ended on March 31, 2013.
- 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.

### 9. 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.

### 10. Directors

Shri Ranjit Singh ceased to be Director of the Company w.e.f. October 31, 2012 upon resignation from the services of the Company.

Shri Om Prakash Mehra ceased to be Director of the Company w.e.f. February 14, 2013 upon resignation from the Board of the Company.

Your directors place on record their appreciation for the contribution made by both Directors during their tenure with the Company.

IDBI Bank Limited has nominated Shri Rakesh Awasthi as its nominee in place of Shri Ravi Kumar w.e.f. July 16, 2013.

Shri Brij Kishore Soni and Shri Jitender Balakrishnan retire by rotation and being eligible have offered themselves for reappointment.

#### 11. Auditors

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

#### 12. Cost Auditors

The Board of Directors of the Company on the recommendations of Audit Committee with the approval of Central Government have re-appointed M/s. Sanjay Gupta & Associates, Cost Accountants to audit the Cost Accounts of the Company for the Financial Year 2013-14 in respect of products

manufactured by the Company falling under Chapter Heading 39 under the Central Excise Tariff Act, 1985. Cost Audit Report for the Financial Year 2012-13 is due to be filled within 180 days from the close of the Financial Year.

#### 13. 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 an account with one of the Depository Participants.

#### 14. Acknowledgement

Your Directors wish to place on record their appreciation of 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 of the dedicated and sincere services rendered by the employees of the Company.

For and on behalf of the Board

Place : Noida  
Date : August 14, 2013

**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 and other equipment.
- Reduction of water consumption by utilizing the ETP outlet water.

#### B. RESEARCH & DEVELOPMENT (R&D)

Continuous efforts made on innovation and development of various new products and applications:

- Environmental friendly products like bio feedstock based film, bio-degradable film and film with recycled polyester.

- White film, Transparent film, Inline silicon coating film, colored films, UV printable films, transparent barrier films & many other special products customized for specific application and customer requirement.
- Development of speciality BOPP products for Thermal Lamination and Siliconising.

#### C. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

- Upgradation of System Software for film plant.
- Upgradation of Metallized Film Slitter Capability for Thick Films.
- Upgradation of primary Slitter capability for higher widths.

#### D. FOREIGN EXCHANGE EARNINGS AND OUTGO:

Earned	: Rs. 29,632.22 Lacs (Previous Year Rs. 39,258.80 Lacs)
Used	: Rs. 6,233.34 Lacs (Previous Year Rs. 16,347.06 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	
					<i>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)</i>	<i>Profits/(Losses) so far it concerns the members of the holding company and dealt with in the books of account of the holding company</i>	<i>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)</i>	<i>Profits/(Losses) so far it concerns the members of the holding company and dealt with in the books of account of the holding company</i>
1	Polyplex (Asia) Pte. Ltd. (PAPL)	31-3-2013	Common Stock of US\$ 1,000,000 of no par value held directly.	100.00%	2,888.69	Nil	82,433.45	Nil
2	Polyplex (Thailand) Public Company Ltd. (PTL)	31-3-2013	132,000,000 Ordinary Shares of Baht 1 each held directly and 276,000,000 Ordinary Shares of Baht 1 each held by PAPL.	51.00%	741.61	Nil	29,668.82	Nil
3	Polyplex (Singapore) Pte. Ltd. (PSPL)	31-3-2013	Entire Common Stock of 1,00,000 Ordinary Shares of no par value aggregating to US\$ 1,000,000 of no par value held by PTL.	51.00%	(4.27)	Nil	1,934.79	Nil
4	Polyplex Europa Polyester Film Sanayi Ve Ticaret A.S (PE)	31-3-2013	15,00,000 Shares of TRY 5 each held by PSPL.	51.00%	3,670.46	Nil	37,607.78	Nil
5	Polyplex Trading (Shenzhen) Company Ltd*. (PTSL)*	31-3-2013	Entire Ordinary Shares aggregating to US\$ 400,000 held by PSPL.	51.00%	1.21	Nil	(9.98)	Nil
6	PAR LLC (PAR)	31-3-2013	Common Stock of 220,000 Shares of no par value aggregating to US\$ 2,200,000 held by PAPL.	100.00%	(16.86)	Nil	(14.14)	N.A.
7	Polyplex America Holdings Inc. (PAH)	31-3-2013	Entire Common Stock aggregating to US\$ 22,200,000 held by PTL.	51.00%	(28.02)	Nil	(6.93)	N.A.
8	Polyplex USA LLC (PU)	31-3-2013	Entire member's units of US\$ 22,200,000 held by PAH.	51.00%	(442.44)	Nil	(315.40)	N.A.
9	Polyplex Resins Sanayi Ve Ticaret A.S (PR)	31-3-2013	27,13,290 Ordinary Shares of TRY 5 each held by PE and 13,36,396 Ordinary Shares of TRY 5 each held by PAPL.	67.17%	(435.56)	Nil	(69.78)	N.A.
10	EcoBlue Limited (EL)	31-3-2013	8,000 Ordinary Shares of Bhat 10 each (fully paid-up) and 8,44,000 Ordinary Shares of Bhat 10 each (40% paid-up) held by PTL	40.80%	(6.67)	Nil	N.A.	N.A.
11	Peninsula Beverages and Foods Company Private Limited (PBF)	31-3-2013	98,64,555 Equity Shares of Rs.10 each held by PAPL	99.90%	(370.29)	Nil	(2.35)	N.A.

Notes :

1 Polyplex (Asia) Pte. Ltd., Singapore is the wholly owned subsidiary. All other companies are step down subsidiaries of the Company.

2 EcoBlue Limited, Thailand and Peninsula Beverages and Foods Company Private Limited, India become subsidiaries during the year.

\* Financial Information is based on Unaudited Financial 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 Incorporation	Currency	Capital	Reserve/ (Deficit)	Total Assets	Total Liabilities	Details of Investment (other than in subsidiaries)	Turnover/ Income	Profit/ (Loss) Before Taxation	Provision for Taxation	Profit/ (Loss) After Taxation	Proposed Dividend
1	Polyplex (Asia) Pte. Ltd.	Singapore	US \$ INR	11.30 614.61	1,568.69 85,322.15	1,580.09 85,942.20	1,580.09 85,942.20	189.98 10,333.15	129.93 7,066.98	54.19 2,947.43	1.08 58.74	53.11 2,888.69	— —
2	Polyplex (Thailand) Public Company Ltd.	Thailand	Thai Baht INR	8,000.00 14,846.40	32,130.77 59,628.28	81,119.87 150,542.25	81,119.87 150,542.25	— —	44,381.62 82,363.41	783.56 1,454.13	— —	783.56 1,454.13	1,120.00 2,078.50
3	Polyplex (Singapore) Pte. Ltd.	Singapore	Euro INR	91.45 6,376.31	54.29 3,785.35	145.76 10,163.06	145.76 10,163.06	— —	0.03 2.09	(0.12) (8.37)	— —	(0.12) (8.37)	— —
4	Polyplex Europa Polyester Film Sanayi Ve Ticaret A.S	Turkey	Euro INR	88.30 6,156.68	1,160.82 80,937.71	1,375.35 95,895.73	1,375.35 95,895.73	— —	1,097.18 76,500.44	103.76 7,234.62	0.54 37.65	103.22 7,196.97	— —
5	Polyplex Trading (Shenzhen) Company Ltd. *	China	YUAN INR	27.31 239.65	(1.96) (17.20)	54.07 474.46	54.07 474.46	— —	107.11 939.89	0.84 7.37	0.57 5.00	0.27 2.37	— —
6	PAR LLC	USA	US \$ INR	22.00 1,196.60	(0.57) (31.00)	21.43 1,165.59	21.43 1,165.59	— —	— —	(0.31) (16.86)	— —	(0.31) (16.86)	— —
7	Polyplex America Holdings Inc.	USA	US \$ INR	296.17 16,108.89	(1.26) (68.53)	294.91 16,040.36	294.91 16,040.36	— —	— —	(1.01) (54.93)	— —	(1.01) (54.93)	— —
8	Polyplex USA LLC	USA	US \$ INR	294.59 16,022.96	(27.32) (1,485.95)	1,324.34 72,031.78	1,324.34 72,031.78	— —	779.77 42,412.24	(15.95) (867.53)	— —	(15.95) (867.53)	— —
9	Polyplex Resins Sanayi Ve Ticaret A.S	Turkey	Euro INR	89.00 6,205.49	(10.79) (752.33)	418.56 29,183.93	418.56 29,183.93	— —	— —	(9.11) (635.19)	(0.19) (13.25)	(9.30) (648.44)	— —
10	EcoBlue Limited	Thailand	Thai Baht INR	43.20 80.17	149.40 277.26	193.51 359.12	193.51 359.12	— —	0.01 0.02	(8.81) (16.35)	— —	(8.81) (16.35)	— —
11	Peninsula Beverages & Foods Company Private Limited	India	INR	987.46	(373.01)	644.08	644.08	—	10.28	(370.66)	—	(370.66)	—

Note :

- The financial statements of the subsidiary companies have been converted into Indian Rupees using the following exchange rates prevailing on March 31, 2013 : US Dollar = Rs.54.3907, Thai Baht = Rs.1.8558, Euro = 69.7246 and Yuan = Rs.8.775.
- The Company will make available the financial statement/details upon request by any investor of the Company and its subsidiaries interested in obtaining the same. The annual accounts of the subsidiary companies are also kept for inspection by any investor at the Registered Office/Corporate Office of the company and at its subsidiary companies between 10:00 a.m. and 1:00 p.m. on all working days.
- \* Financial Information is based on Unaudited Financial Results.
- Polyplex (Americas) Inc. (PA) has been merged with Polyplex USA LLC (PU) w.e.f. January 31, 2013

## 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:

- Enhancement of Shareholder value.
- Protection of the interest of the public Shareholders.
- Long-term financial health of the Company.
- Providing customers with quality products and services at competitive prices.
- Environment friendly production methods.
- Providing for fair wage and safe working condition for employees and inviting inputs from employees in decision-making.
- 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 Director. The Board consists of 7 Directors of which 1 (2 upto October 31,

2012) is Executive Director and 6 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 2012-13, Six Board Meetings were held on May 29, 2012, August 14, 2012, September 13, 2012, November 14, 2012, January 22, 2013, and February 14, 2013.

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 Directorships***	Other Committee Memberships****	
					Member	Chairman
Sarvashri						
Sanjiv Saraf (Chairman)	Promoter, Non-Independent Non-Executive	5 out of 6	No	5	2	1
Sanjiv Chadha	Promoter Non-independent Non-Executive	2 out of 6	No	Nil	Nil	Nil
Pranay Kothari Executive Director	Non-Independent, Executive Director	5 out of 6	No	3	2	1
B.K. Soni	Independent, Non-Executive	6 out of 6	No	Nil	Nil	Nil
Suresh I. Surana	Independent, Non-Executive	1 out of 6	No	2	Nil	Nil
Jitender Balakrishnan	Independent, Non-Executive Director	3 out of 6	No	13	6	1
Ranjit Singh* Chief Operating Officer	Non-Independent, Executive	3 out of 3	No	Nil	Nil	Nil

O.P. Mehra**	Independent, Non-Executive	6 out of 6	No	2	1	Nil
Ravi Kumar (Nominee of IDBI Bank Ltd.)	Independent, Non-Executive	3 out of 6	No	1	Nil	Nil

- \* Shri Ranjit Singh resigned from the Board of the Company with effect from October 31, 2012 (Afternoon) to pursue his carrier outside Polyplex.
- \*\* Shri Om Prakash Mehra resigned from the Board of the Company with effect from February 14, 2013 (afternoon).
- \*\*\* 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 31.03.2013
1.	Shri Sanjiv Saraf	46,138
2.	Shri Sanjiv Chadha	4,000
3.	Dr. 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](http://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 had 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.

Shri O.P. Mehra ceased to be the Member of this committee due to his resignation from the Board of the Company with effect from February 14, 2013 and now Finance Committee comprises of Shri Sanjiv Saraf, Shri Pranay Kothari and Shri B.K. Soni.

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

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

During the Financial Year 2012-13, three meetings of the Finance Committee were held on May 29, 2012, November 14, 2012 and January 22, 2013.

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

Name of the Member	Meetings attended
Shri Sanjiv Saraf	3 out of 3
Shri Pranay Kothari	2 out of 3
Shri O. P. Mehra	3 out of 3
Shri B.K. Soni	3 out of 3

#### 4. Audit Committee :

##### a) Constitution :

The Audit Committee comprised of following Independent and Non-Executive Directors viz. Shri O.P. Mehra, Shri B.K. Soni, Shri Ravi Kumar and Dr. Suresh I. Surana. Shri O.P. Mehra ceased to be the Member of this Committee due to his resignation from the Board of the Company with effect from February 14, 2013. Chairman of the Audit 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 2012-13, four meetings of Audit Committee were held on May 29, 2012, August 14, 2012, November 14, 2012 and February 14, 2013.

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

Name of the Member	Meetings attended
Shri B.K. Soni	4 out of 4
Shri O. P. Mehra	4 out of 4
Shri Ravi Kumar	2 out of 4
Dr. Suresh I. Surana	1 out of 4

##### 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 :

- To investigate any activity within its terms of reference.
- To seek information from any employee.
- To obtain outside legal or other professional advice.
- To secure attendance of outsiders with relevant expertise, if it considers necessary.

##### ii. Role :

- 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.
- 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.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing, with the management, the annual Financial Statements before submission to the Board for approval, with particular reference to:
  - 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.
  - Changes, if any, in accounting policies and practices and reasons for the same.
  - Major accounting entries involving estimates based on the exercise of judgment by management.
  - Significant adjustments made in the financial statements arising out of audit findings.
  - Compliance with listing and other legal requirements relating to Financial Statements.
  - Disclosure of any Related Party transactions.
  - Qualifications in the draft audit report.
- 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 two Independent Directors and one Promoter Director i.e. Shri Sajiv Saraf (from Promoter category) Shri O.P. Mehra and Shri B.K. Soni.

After resignation of Shri O.P. Mehra the Remuneration Committee has been re-constituted and comprises of three independent Directors and one Promoter Director all of whom are non-executive i.e. Shri Sanjiv Saraf, Shri Jitender Balakrishnan, Shri Ravi Kumar and Shri B.K. Soni.

The Remuneration Committee recommends to the Board the Remuneration / Compensation payable to for the Whole Time/ Executive Director(s) of the Company.

During the Financial Year 2012-13 four meetings of the Remuneration Committee were held on May 29, 2012, August 14, 2012, September 13, 2012 and November 14, 2012.

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

Name of the Member	Meetings attended
Shri Sanjiv Saraf	3 out of 4
Shri O. P. Mehra	4 out of 4
Shri B. K. Soni	4 out of 4

**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, 2012. The details of the remuneration paid/provided to Shri Pranay Kothari, Executive Director during the year 2012-13 are given below:

Salary and Allowances	Rs. 1,34,20,000
Perquisites and other	Rs. 8,42,696
Total	Rs. 1,42,62,696

Terms of appointment of Shri Pranay Kothari are for three years expiring on September 6, 2015. 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**

The details of the remuneration paid/provided to Shri Ranjit Singh, Whole Time Director designated as Chief Operating

Officer during the year 2012-13 are given below:

Salary and Allowances	Rs. 1,21,48,516
Perquisites and other	Rs. 25,45,491
Total	Rs. 1,46,94,007

Shri Ranjit Singh resigned from the Board of the Company w.e.f. October 31, 2012.

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

Executive Director(s) 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 2012-13 are given below:

Name of Non-Executive Director	Sitting Fee (Rs.)
Shri Sanjiv Saraf	2,20,000
Shri B.K. Soni	4,00,000
Shri O.P. Mehra	3,40,000
Shri Ravi Kumar*	1,00,000
Shri Sanjiv Chadha	40,000
Dr. Suresh I. Surana**	40,000
Shri Jitender Balakrishnan	60,000

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

\*\* Amount aggregating to Rs.24,73,849/- was paid to firms in which Dr. Suresh I. Surana is a partner towards professional fee, including service tax and reimbursement of expenses.

All Non-Executive Directors except Shri Ravi Kumar, Nominee Director of IDBI Bank Limited, are liable to retire by rotation.

In addition to payment of Sitting Fee, Board of Directors have approved the payment of Commission of Rs. 6.00 Lacs for the Financial Year 2012-13 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 continued to be employed as General Manager & Chief Executive Officer with Polyplex (Asia) Pte Limited (PAPL) during the Financial Year 2012-13 and has received remuneration of USD 41,667 (Rs. 22.66 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 had 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. After resignation of Shri Ranjit Singh the Committee comprises of Shri Pranay Kothari and Shri B.K. Soni. 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 2012-13, Seven such meetings were held on May 21, 2012, June 29, 2012, August 27, 2012, September 24, 2012, October 12, 2012, February 14, 2013 and March 22, 2013.

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

Name of the Member	Meetings attended
Shri Pranay Kothari	7 out of 7
Shri Ranjit Singh	4 out of 5
Shri B.K. Soni	3 out of 7

##### 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	: 6
Resolved	: 6	Pending	: Nil

As on March 31, 2013, 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 :

- Approving, in principal, their capital expenditure and business expansion plans;
- Reviewing their operations vis a vis Budgets, Cash Flows and Balance Sheets;
- Reviewing all significant/ material transactions and arrangements;
- Minutes / significant resolutions are placed before the Company's Board.

#### 8. General Body Meetings :

- The details about the last three Annual General Meetings are given below:

AGM	Financial Year	Date of Meeting	Location of the Meeting	Time
27th	2011-12*	28.09.2012	Registered Office at Khatima	10.00 a.m.
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.

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

During the Financial Year 2012-13, No Extra Ordinary General Meeting was held.

- Special Resolutions passed at the previous three Annual General Meetings :

Financial Year/Date	Subject
2011-12/28.09.2012	Nil
2010-11/28.09.2011	Nil
2009-10/25.09.2010	Payment of Commission to Shri Sanjiv Saraf, Chairman & Non-Executive Director.

- 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. Three Special Resolution are proposed at the ensuing Annual General Meeting.

**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 30, 2013.

**10. CEO/CFO Certification :**

As required by Clause 49 of the Listing Agreement, a 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 30, 2013.

**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](http://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 emailed/ posted to the shareholders of the Company.

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**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 2012-13.

Place : NOIDA  
Date : August 14, 2013

**Pranay Kothari**  
Executive Director

## GENERAL SHAREHOLDERS INFORMATION

1. **Annual General Meeting Date & Time :** September 30, 2013 at 11.00 a.m. at the Registered Office at :  
  
Lohia Head Road, Khatima-262 308  
Distt. Udham Singh Nagar,  
Uttarakhand
2. **Financial Year :** April 1, 2012 to March 31, 2013
3. **Book Closure Date :** September 21, 2013 to September 30, 2013  
(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 2013-14 has been paid to above Stock Exchanges.

6. **Scrip Code :**

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

BSE Limited  
National Stock Exchange of India Limited  
Reuters Code  
NSDL/CDSL – ISIN

**SCRIP CODE 524051**  
**POLYPLEX**  
**PLYP.BO**  
**INE633B01018**



## 7. Stock Market Data :

Share prices on BSE and NSE during 2012-13 were as follows:

Months	BSE			NSE		
	High Price Rs.	Low Price Rs.	Volume Nos.	High Price Rs.	Low Price Rs.	Volume Nos.
April 2012	192.20	173.35	1,87,543	194.95	173.45	6,63,223
May 2012	178.60	144.65	2,04,127	179.00	145.05	4,11,325
June 2012	168.45	<b>143.00</b>	2,48,267	167.90	<b>143.00</b>	5,11,766
July 2012	177.25	155.00	2,81,918	178.00	155.50	6,01,024
August 2012	165.75	150.00	1,79,450	165.85	150.00	6,51,157
September 2012	185.85	156.00	2,35,725	187.35	155.90	5,91,182
October 2012	216.00	179.00	5,50,281	216.90	179.15	13,74,076
November 2012	216.00	192.15	2,36,441	213.40	193.00	4,90,388
December 2012	226.00	200.00	1,64,605	<b>226.95</b>	200.00	4,93,775
January 2013	<b>226.00</b>	193.00	1,94,397	225.70	193.00	4,89,561
February 2013	205.00	173.00	1,79,668	204.95	172.15	3,59,162
March 2013	183.20	155.95	74,446	182.80	155.05	1,94,003
Total			<b>27,36,868</b>			<b>68,30,642</b>

Source: [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://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](mailto:admin@mcsdel.com)

## 9. Share Transfer System:

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

## 10. Distribution of shareholdings as on March 31, 2013 :

Share holding in Number of Shares	Number of Shareholders	% of total Shareholders	Nominal Amount (in Rs.)	% of Total Nominal Amount
1 to 500	15,079	89.06	1,89,94,470	5.94
501 to 1000	950	5.61	74,40,080	2.32
1001 to 2000	455	2.69	71,28,130	2.23
2001 to 3000	127	0.75	32,21,220	1.01
3001 to 4000	91	0.54	33,28,370	1.04
4001 to 5000	44	0.26	20,45,560	0.64
5001 to 10000	88	0.52	65,79,870	2.05
10001 & above	97	0.57	27,11,08,300	84.77
<b>Total</b>	<b>16,931</b>	<b>100.00</b>	<b>31,98,46,000</b>	<b>100.00</b>

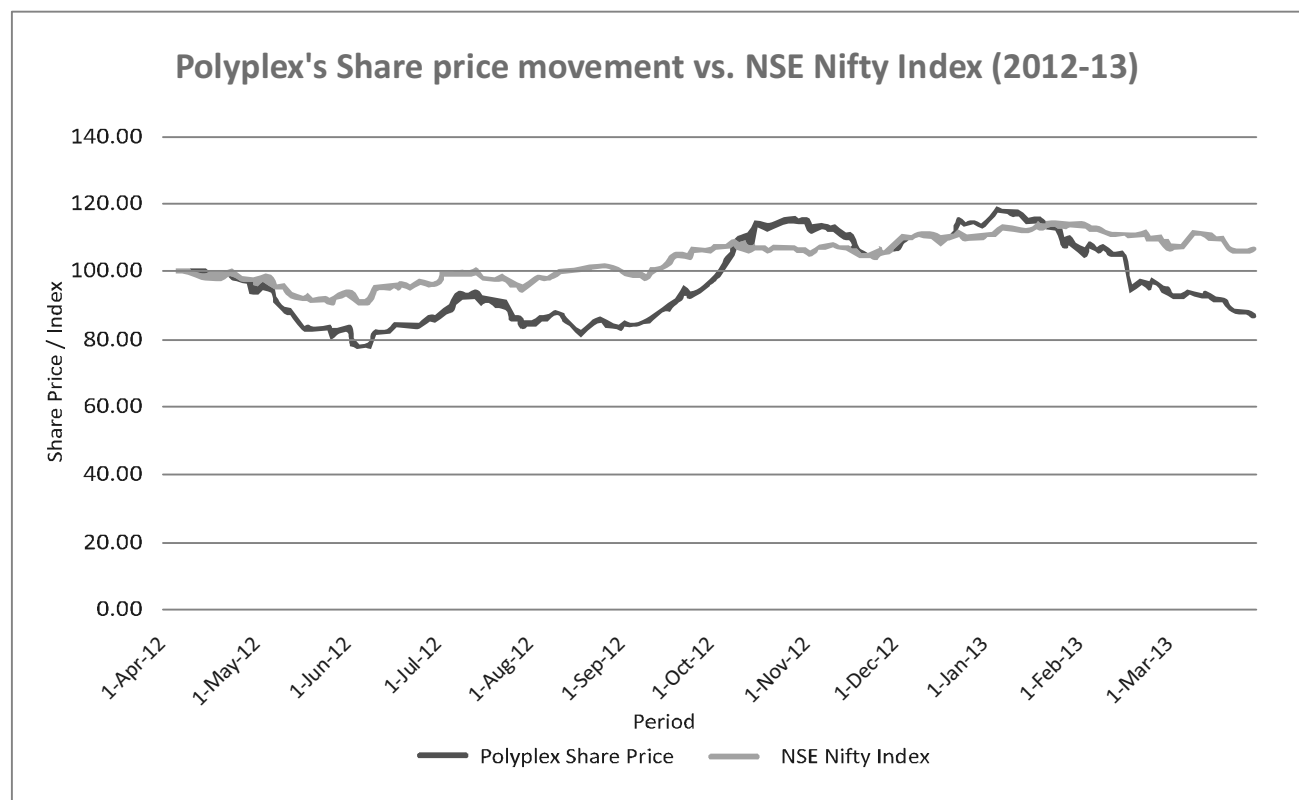
# 11. Categories of shareholders as on March 31, 2013 :

Category		Shares held (Nos.)	Percentage holding
<b>1.</b>	<b>Promoters</b>		
a)	Indian Promoters	18,02,262	5.63
b)	Foreign Promoters	1,32,08,272	41.30
	<b>Sub-Total</b>	<b>15,010,534</b>	<b>46.93</b>
<b>2.</b>	<b>Non-Promoters</b>		
a)	Mutual Funds and UTI	27,09,459	8.47
b)	Banks, Financial Institutions, Insurance Companies	11,904	0.04
c)	Foreign Institutional Investors (FIIs)	6,96,919	2.18
d)	Bodies Corporates	41,63,278	13.02
e)	NRIs/OCBs	33,72,381	10.55
f)	Indian Public	60,20,125	18.81
	<b>Sub-Total</b>	<b>1,69,74,066</b>	<b>53.07</b>
	<b>Grand Total</b>	<b>3,19,84,600</b>	<b>100.00</b>

Note: Total Foreign shareholding as at March 31, 2013 was 1,72,77,572 shares constituting 54.02%.

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, 2013

Particulars	No. of Shares	% of Total Capital	No. of Accounts
National Securities Depository Limited	2,90,63,865	90.87	10,217
Central Depository Services (India) Limited	23,12,363	7.23	4,879
<b>Total Dematerialised</b>	<b>3,13,76,228</b>	<b>98.10</b>	<b>15,096</b>
Physical	6,08,372	1.90	1,835
<b>Grand Total</b>	<b>3,19,84,600</b>	<b>100.00</b>	<b>16,931</b>

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 the 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 shareholders/ 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	62,900
Number of shareholders who approached the Company for transfer of shares from the Unclaimed Suspense Account during the year	3	700
Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account during the year	3	700
Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the end of the year.	359	62,200

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 - 262401,  
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

or

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

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

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, 2013, 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 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 Annual 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)

Place : New Delhi  
Date : August 14, 2013

**N.K. LODHA**  
Partner  
M.No. 85155

## INDEPENDENT AUDITORS' REPORT

### TO THE MEMBERS OF POLYPLEX CORPORATION LIMITED

#### REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying Financial Statements of **Polyplex Corporation Limited**, which comprise the Balance Sheet as at 31st March 2013, and Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

#### MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of these Financial Statements that give a true and fair view of the financial position, financial performance and cash flows of the company in accordance with the accounting principles generally accepted in India, including accounting standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Financial Statements that give a true and fair view and free from material misstatements, whether due to fraud or error.

#### AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these Financial Statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by The Institute of Chartered Accountants of India. Those standards require that we comply with the ethical requirements and plan and perform the audit to obtain the reasonable assurance about whether the Financial Statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on the auditor's judgment, including assessment of risks of material misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the Financial Statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for audit opinion.

#### OPINION

In our opinion and best to our information and according to the explanations given to us, the Financial Statements

and read together with the other notes thereon give the information required by the Act in the manner so require and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a. In the case of the Balance Sheet, of the state of the affairs of the company as at 31st March 2013,
- b. In the case of the Statement of the Profit and Loss, of the Profit for the year ended on that date; and
- c. In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

#### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS:

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the manners specified in the paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, 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 accounts;
  - d. In our opinion, Balance Sheet, Statement of Profit & Loss and Cash Flow Statement referred to in this report comply with the Accounting Standards referred to in Sub-section (3C) of Section 211 of Companies Act, 1956;
  - e. On the basis of the written representations received from the Directors and taken on records by the Board of Directors, we report that none of the directors of the Company is disqualified as on 31st March 2013 from being appointed as a Director of the Company in terms of clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956.

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

**N. K. Lodha**  
Partner

Place : New Delhi  
Date : May 30, 2013

Membership No. 85155



**ANNEXURE REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR REPORT OF EVEN DATE:**

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 and 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, which have been verified after subsequent receipt of material/on confirmation) 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 2600 Lacs and the year end balance of such loan is Rs 2600 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 per stipulation.
- (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 for the purchases of inventory, fixed assets and for the sale of goods and services. 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 the Company Law Board or the National Company Law Tribunal or the 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 2013.
- (b) In our opinion and according to the information & explanations given to us, there are no dues in respect of Income tax, Wealth tax, Service tax and Cess that have not been deposited with appropriate authority on account of any dispute and the dues in respect of sales tax, customs duty and excise duty 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)
		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 nor 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 30, 2013

## BALANCE SHEET AS AT MARCH 31, 2013

	NOTE	As at March 31, 2013 (Rs. in Lacs)	As at March 31, 2012 (Rs. in Lacs)
<b>I EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	2	3,256.32	3,256.32
Reserves and Surplus	3	34,294.48	34,742.53
<b>Non-Current Liabilities</b>			
Long Term Borrowings	4	23,016.42	26,673.43
Deferred Tax Liability (Net)	5	1,288.84	1,280.39
Long Term Provisions	6	70.78	58.28
<b>Current Liabilities</b>			
Short Term Borrowings	7	9,393.15	6,263.20
Trade Payables		969.52	1,444.45
Other Current Liabilities	8	10,656.59	13,516.84
Short Term Provisions	9	972.53	1,500.77
<b>TOTAL</b>		<b>83,918.63</b>	<b>88,736.21</b>
<b>II ASSETS</b>			
<b>Non-Current Assets</b>			
Fixed Assets			
Tangible Assets	10	51,966.33	57,954.38
Intangible Assets	10	22.07	40.18
Capital Work-in-Progress		1,014.74	212.24
Non-Current Investments	11	1,953.93	1,998.47
Long Term Loans and Advances	12	1,203.64	908.02
<b>Current Assets</b>			
Current Investments	13	-	1,880.00
Inventories	14	11,439.32	11,467.76
Trade Receivables	15	8,383.35	3,845.72
Cash & Bank Balances	16	1,051.08	5,576.48
Short Term Loans and Advances	17	6,632.51	4,555.42
Other Current Assets	18	251.66	297.54
<b>TOTAL</b>		<b>83,918.63</b>	<b>88,736.21</b>
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

**Manish Gupta**  
Chief Financial Officer

**Sanjiv Saraf**  
Chairman

**Jitender Balakrishnan**  
**Sanjiv Chadha**  
**Ravi Kumar**  
**B.K. Soni**  
**Suresh I. Surana**  
Directors

Place : New Delhi  
Date : May 30, 2013

**A.K. Gurnani**  
Company Secretary

**Pranay Kothari**  
Executive Director

Place : NOIDA  
Date : May 30, 2013

**PROFIT AND LOSS STATEMENT  
FOR THE YEAR ENDED ON MARCH 31, 2013**

	NOTE	CURRENT YEAR (Rs. in Lacs)	PREVIOUS YEAR (Rs. in Lacs)
<b>I Revenue from Operations</b>	<b>19</b>	<b>94,810.11</b>	89,719.56
<b>II Other Income</b>	<b>20</b>	<b>4,863.46</b>	14,666.70
<b>III Total Revenue (I + II)</b>		<b>99,673.57</b>	104,386.26
<b>IV Expenses</b>			
Cost of Material Consumed	21	70,481.24	60,048.98
Purchases of Stock-in-Trade		2.52	24.89
Changes in Inventory	22	(230.65)	2,636.54
Employee Benefits Expense	23	4,290.81	4,269.02
Finance Costs	24	2,170.68	2,648.46
Depreciation & Amortisation		7,785.41	7,369.85
Other Expenses	25	14,801.70	15,234.96
<b>Total Expenses</b>		<b>99,301.71</b>	92,232.70
<b>V Profit before Exceptional Items and Tax (III-IV)</b>		<b>371.86</b>	12,153.56
<b>VI Exceptional Items (Gain)/Loss (Refer Note No. 26 I )</b>		<b>(116.13)</b>	7,078.80
<b>VII Profit before Tax (V - VI)</b>		<b>487.99</b>	5,074.76
<b>VIII Tax Expense</b>			
Current Tax - MAT (Refer Note No. 26 W (i))		58.73	668.49
MAT Credit Entitlement		(98.05)	(232.09)
Deferred Tax		8.45	(3,001.09)
Prior Period Adjustment - Tax		7.37	40.02
<b>TOTAL</b>		<b>(23.50)</b>	(2,524.67)
<b>IX Profit for the Year (VII - VIII)</b>		<b>511.49</b>	7,599.43
<b>X Earnings Per Share</b>			
– Basic (in Rs.)		1.60	23.76
– Diluted (in Rs.)		1.60	23.76
<b>Significant Accounting Policies and other explanatory notes are integral part of Financial Statements</b>		<b>1,26</b>	

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**  
**Sanjiv Chadha**  
**Ravi Kumar**  
**B.K. Soni**  
**Suresh I. Surana**  
Directors

Place : New Delhi  
Date : May 30, 2013

**A.K. Gurnani**  
Company Secretary

**Pranay Kothari**  
Executive Director

Place : NOIDA  
Date : May 30, 2013

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2013

	2012-13 (Rs. in Lacs)	2011-12 (Rs. in Lacs)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Net Profit Before Tax	487.99	5,074.76
Adjusted for :		
Depreciation	7,785.41	7,369.85
Provision for Doubtful Debts/Bad Debts written off	51.24	—
Interest	2,170.68	2,648.46
Unrealised Foreign Exchange (Gain) / Loss	78.80	3,156.46
Excess Provision/Sundry Balances written back (Net)	(48.58)	(562.85)
Loss / (Profit) on Sale of Fixed Assets (Net)	18.40	1.07
Asset written off	14.62	48.14
Profit on Sale of Investments	(26.45)	(128.47)
Interest Received	(340.57)	(71.98)
Dividend Received	(4,239.58)	(13,971.28)
<b>Operating Profit before Working Capital Changes</b>	<b>5,951.96</b>	<b>3,564.16</b>
Adjusted for :		
Trade and Other Receivables	(5,079.04)	4,311.17
Inventories	28.44	2,355.50
Trade Payables	(3,211.97)	(1,081.92)
<b>Cash Generated from Operations</b>	<b>(2,310.61)</b>	<b>9,148.91</b>
Taxes Paid	(64.81)	(726.18)
Cash Flow before Exceptional Items	(2,375.42)	8,422.73
Exceptional Items	(116.13)	7,078.80
<b>Net Cash From Operating Activities</b>	<b>(2,491.55)</b>	<b>15,501.53</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Purchase of Fixed Assets (Including Capital Advances)	(2,656.73)	(14,881.82)
Sale of Fixed Assets	20.93	54.90
Inter Corporate Deposits	(1,600.00)	(1,000.00)
Purchase of Short Term Investments	(33,820.01)	(188,904.01)
Sale/Redemption of Long Term Investments	160.67	7.38
Sale of Short Term Investments	35,726.46	187,562.48
Interest/Dividend Received	4,561.78	14,023.20
<b>Net Cash Used in Investing Activities</b>	<b>2,393.10</b>	<b>(3,137.87)</b>



	2012-13 (Rs. in Lacs)	2011-12 (Rs. in Lacs)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Net Proceeds from Long Term Borrowings	(3,595.45)	1,776.84
Net Proceeds from Short Term Borrowings	2,903.47	(4,192.88)
Interest Paid	(2,251.47)	(2,598.94)
Dividend Paid	(1,275.95)	(2,227.26)
Tax on Distributed Profits	(207.55)	(363.21)
Subsidy from Central Government	—	60.00
<b>Net Cash Used in Financing Activities</b>	<b>(4,426.95)</b>	<b>(7,545.45)</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>(4,525.40)</b>	<b>4,818.21</b>
Cash and Cash Equivalents at the begning of the year	5,409.34	556.64
Other Bank Balances at the begning of the year	167.14	201.63
<b>Total Cash and Bank Balances at the begning of the year</b>	<b>5,576.48</b>	<b>758.27</b>
Cash and Cash Equivalents at the end of the year	880.51	5,409.34
Other Bank Balances at the end of the year	170.57	167.14
<b>Total Cash and Bank Balances at the end of the year</b>	<b>1,051.08</b>	<b>5,576.48</b>

**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

**A.K. Gurnani**  
Company Secretary

**Sanjiv Saraf**  
Chairman

**Pranay Kothari**  
Executive Director

**Jitender Balakrishnan**  
**Sanjiv Chadha**  
**Ravi Kumar**  
**B.K. Soni**  
**Suresh I. Surana**  
Directors

Place : NOIDA  
Date : May 30, 2013

## NOTE 1

### SIGNIFICANT ACCOUNTING POLICIES

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**(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) Revenue Recognition**

- I. Revenue from the sale of goods is recognized at the time of transfer of substantial risks and reward of ownership to the buyers under the term of contract, usually on the delivery of the goods.
- II. Revenue is recognized based on the nature of the activity to the extent it is probable that the economic benefit will flow to the company and the revenue can be reliably measured with the reasonable certainty of its recovery.
- III. The revenue in respect of Export benefits are recognized on post export basis at the rate at which the entitlement accrues and is included in the turnover.

**(c) 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.

**(d) 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.

**(e) 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.

**(f) 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.

**(g) Depreciation/Amortisation**

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

Depreciation on Fixed Assets at Head 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 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.

**(h) 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, 2020 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 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 at on 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.

**(i) 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.

**(j) Retirement Benefits**

Company's contribution to Provident Fund 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.

**(k) 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.

**(l) 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 as per 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.

**(m) 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.

**(n) 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 exist or have decreased.

**(o) 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, 2013 (Rs. in Lacs)	As at March 31, 2012 (Rs. in Lacs)
<b>AUTHORISED</b>		
3,40,00,000 (Previous Year - 3,40,00,000) Equity Shares of Rs.10 each	3,400.00	3,400.00
<b>ISSUED AND SUBSCRIBED</b>		
3,31,80,300 (Previous Year - 3,31,80,300) Equity Shares of Rs.10 each	3,318.03	3,318.03
<b>ISSUED, SUBSCRIBED AND FULLY PAID-UP</b>		
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
<b>TOTAL</b>	<b>3,256.32</b>	<b>3,256.32</b>

### RECONCILIATION OF NUMBER OF SHARES

	No. of Shares	No. of Shares
Shares outstanding as at the beginning of the year	31,984,600	31,984,600
Additions during the year	—	—
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, 2013 No. of Shares	As at March 31, 2012 No. of Shares
Mahalaxmi Trading & Investment Co. Ltd.	7,622,390	7,622,390
Secure Investments Ltd.	5,535,744	5,535,744
IL & FS Trust Company Ltd.	2,701,887	344,594
ICICI Prudential (Tax Plan + Child Care Plan)	2,033,677	1,837,689
Mr Ricky Ishwardas Kirpalani	1,590,206	1,604,663

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

2012-13	2011-12	2010-11	2009-10	2008-09
—	—	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, 2013 (Rs. in Lacs)	As at March 31, 2012 (Rs. in Lacs)
<b>CAPITAL RESERVE</b>		
Central Investments Subsidy		
As per last Balance Sheet	85.00	25.00
Addition during the year	—	60.00
State Investment Subsidy	30.00	30.00
Share Warrants Forfeited	250.80	250.80
<b>Sub Total (a)</b>	<b>365.80</b>	<b>365.80</b>
<b>SECURITIES PREMIUM RESERVE</b>		
As per last Balance Sheet	2,348.20	2,348.20
<b>Sub Total (b)</b>	<b>2,348.20</b>	<b>2,348.20</b>
<b>GENERAL RESERVE</b>		
As per last Balance Sheet	4,907.20	4,147.20
Transferred from Profit & Loss Statement	52.00	760.00
<b>Sub Total (c)</b>	<b>4,959.20</b>	<b>4,907.20</b>
<b>SURPLUS AS PER PROFIT &amp; LOSS STATEMENT</b>		
Surplus Brought Forward	27,121.33	21,768.83
<b>Add:</b> Profit as per Profit & Loss Statement	<b>511.49</b>	<b>7,599.43</b>
<b>Less:</b> Transferred to General Reserve	<b>52.00</b>	<b>760.00</b>
Proposed Dividend	959.54	1,279.38
Corporate Dividend Tax - Proposed Dividend	—	207.55
<b>Net Surplus as per Profit &amp; Loss Statement</b>	<b>26,621.28</b>	<b>27,121.33</b>
<b>TOTAL (a+b+c+d)</b>	<b>34,294.48</b>	<b>34,742.53</b>

## NOTE 4

### LONG TERM BORROWINGS

	As at March 31, 2013 (Rs. in Lacs)	As at March 31, 2012 (Rs. in Lacs)
<b>SECURED TERM LOANS FROM BANKS</b>		
Rupee Term Loan	3,775.00	6,675.00
Foreign Currency Term Loan	26,580.54	27,322.85
Other Loans	—	1.34
<b>Sub Total (a)</b>	<b>30,355.54</b>	<b>33,999.19</b>
<b>LESS: CURRENT PORTION</b>		
Rupee Term Loan	2,900.00	2,900.00
Foreign Currency Term Loan	4,439.12	4,424.42
Other Loans	—	1.34
<b>Sub Total (b)</b>	<b>7,339.12</b>	<b>7,325.76</b>
<b>TOTAL (a-b)</b>	<b>23,016.42</b>	<b>26,673.43</b>

#### Loans are secured as under:

The Foreign Currency Term Loan of Rs. 26,580.54 Lacs (Previous Year – Rs. 27,322.85 Lacs) and Rupee Term Loan of Rs.1,375.00 Lacs (Previous Year – Rs.1,875.00 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.

The Rupee Term Loan includes Rs. 2,400 Lacs (Previous Year – Rs. 4,800 Lacs) availed from IDBI Bank Limited, secured by exclusive charge by way of equitable mortgage of land and building at Noida.

Other Loans of Rs.Nil (Previous Year – Rs. 1.34 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
2,400.00	1	Annual	2013-14	2013-14
1,375.00	11	Quarterly	2013-14	2015-16
3,333.59	8	Semi Annual	2013-14	2016-17
13,036.51	11	Semi Annual	2013-14	2018-19
4,876.58	17	Quarterly	2014-15	2018-19
1,631.98	16	Quarterly	2014-15	2018-19
3,701.88	3	Annual (Tranche Wise)	2013-14	2015-16



## NOTE 5

### DEFERRED TAX LIABILITY (Net)

	As at March 31, 2013 (Rs. in Lacs)	As at March 31, 2012 (Rs. in Lacs)
<b>DEFERRED TAX ASSET</b>		
Disallowance as per Income Tax Act	(28.73)	(24.16)
<b>DEFERRED TAX LIABILITY</b>		
Disallowance on account of Depreciation	1,317.57	1,304.55
<b>TOTAL</b>	<b>1,288.84</b>	<b>1,280.39</b>

## NOTE 6

### LONG TERM PROVISIONS

	Non-Current Amount		Current Amount	
	As at March 31, 2013 (Rs. in Lacs)	As at March 31, 2012 (Rs. in Lacs)	As at March 31, 2013 (Rs. in Lacs)	As at March 31, 2012 (Rs. in Lacs)
Provision for Retirement Benefits	70.78	58.28	10.99	11.49
<b>TOTAL</b>	<b>70.78</b>	<b>58.28</b>	<b>10.99</b>	<b>11.49</b>

## NOTE 7

### SHORT TERM BORROWINGS

	As at March 31, 2013 (Rs. in Lacs)	As at March 31, 2012 (Rs. in Lacs)
<b>SECURED LOANS</b>		
Working Capital Demand Loans from Banks	7,239.76	2,796.76
Buyer's Credit	778.44	2,042.16
<b>Sub Total (a)</b>	<b>8,018.20</b>	<b>4,838.92</b>
<b>UNSECURED LOANS</b>		
Working Capital Demand Loans from Banks	1,374.95	1,424.28
<b>Sub Total (b)</b>	<b>1,374.95</b>	<b>1,424.28</b>
<b>TOTAL (a+b)</b>	<b>9,393.15</b>	<b>6,263.20</b>

Short Term Borrowing in the form of Buyer's Credit from Banks aggregating to Rs. Nil (Previous Year – Rs. 1,090.98 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. 8,018.20 Lacs (Previous Year – Rs. 3,747.94 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, 2013 (Rs. in Lacs)	As at March 31, 2012 (Rs. in Lacs)
Current Maturity of Long Term Debt	7,339.12	7,325.76
Interest accrued but not due on borrowings	174.48	255.27
Unpaid Dividend	105.17	101.74
Security Deposits	157.88	106.58
Statutory Liabilities	204.13	264.06
Advance from Customers (including Related Party) (Refer Note No: 26 T)	1,299.76	4,306.95
Other liabilities	1,376.05	1,156.48
<b>TOTAL</b>	<b>10,656.59</b>	<b>13,516.84</b>

## NOTE 9

### SHORT TERM PROVISIONS

	As at March 31, 2013 (Rs. in Lacs)	As at March 31, 2012 (Rs. in Lacs)
Provision for Wealth Tax	2.00	2.35
Provision for Retirement Benefits	10.99	11.49
Proposed Dividend	959.54	1,279.38
Corporate Dividend Tax	—	207.55
<b>TOTAL</b>	<b>972.53</b>	<b>1,500.77</b>

## NOTE 10

### FIXED ASSETS

(Rs. in Lacs)

Particulars	GROSS BLOCK				DEPRECIATION & AMORTISATION				NET BLOCK	
	As at April 01, 2012	Additions during the year	Sale/adjustments	As at March 31, 2013	As at April 01, 2012	For the year	Sale/adjustments	As at March 31, 2013	As at March 31, 2013	As at March 31, 2012
<b>TANGIBLE ASSETS</b>										
Freehold Land	1,456.56	207.84	—	1,664.40	—	—	—	—	1,664.40	1,456.56
Leasehold Land	472.59	—	—	472.59	84.01	5.25	—	89.26	383.33	388.58
Buildings	11,190.28	470.25	—	11,660.53	2,570.53	644.70	—	3,215.23	8,445.30	8,619.75
Plant & Machinery	69,697.38	1,055.05	6.79	70,745.64	24,469.65	6,752.86	5.70	31,216.81	39,528.83	45,227.73
Electrical Installations	2,023.72	15.47	0.18	2,039.01	697.35	178.24	0.01	875.58	1,163.43	1,326.37
Furniture & Fixtures	468.48	4.04	2.43	470.09	261.11	35.46	1.40	295.17	174.92	207.37
Office Equipments	1,055.30	54.47	94.52	1,015.25	496.16	127.64	79.98	543.82	471.43	559.14
Vehicles	285.38	26.08	65.88	245.58	116.50	23.15	28.76	110.89	134.69	168.88
<b>TOTAL</b>	<b>86,649.69</b>	<b>1,833.20</b>	<b>169.80</b>	<b>88,313.09</b>	<b>28,695.31</b>	<b>7,767.30</b>	<b>115.85</b>	<b>36,346.76</b>	<b>51,966.33</b>	<b>57,954.38</b>
Previous Year	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	—
<b>INTANGIBLE ASSETS</b>										
Computer Software	131.84	—	—	131.84	91.66	18.11	—	109.77	22.07	40.18
<b>TOTAL</b>	<b>131.84</b>	<b>—</b>	<b>—</b>	<b>131.84</b>	<b>91.66</b>	<b>18.11</b>	<b>—</b>	<b>109.77</b>	<b>22.07</b>	<b>40.18</b>
Previous Year	131.84	—	—	131.84	33.18	58.48	—	91.66	40.18	—
<b>Grand Total - Current Year</b>	<b>86,781.53</b>	<b>1,833.20</b>	<b>169.80</b>	<b>88,444.93</b>	<b>28,786.97</b>	<b>7,785.41</b>	<b>115.85</b>	<b>36,456.53</b>	<b>51,988.40</b>	<b>57,994.56</b>
Grand Total - Previous 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	—

#### Notes :

- Freehold Land costing Rs. 8.79 Lacs (Previous Year – Rs. 8.79 Lacs) is under Power of Attorney.
- Addition to Plant & Machinery includes Rs. 275.91 Lacs (Previous Year – Rs. 2,134.60 Lacs) on account of Foreign Exchange Fluctuation/Derivatives (Refer Note No. 26 K (III)).
- Addition to Plant & Machinery is Rs. Nil (Previous Year – Rs. 104.95 Lacs) on account of Interest on Loans.
- 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, 2013 Nos. (Rs. in Lacs)	As at March 31, 2013 Nos. (Rs. in Lacs)	As at March 31, 2012 Nos. (Rs. in Lacs)	As at March 31, 2012 Nos. (Rs. in Lacs)
<b>1. Unquoted - Equity / Ordinary Shares</b> (Fully Paid Up unless otherwise stated)					
1.1 Investment in other Companies Bhilangana Hydro Power Limited	Rs. 10	25,000	2.50	25,000	2.50
<b>Sub Total (a)</b>			2.50		9.88
1.2 Investment in Subsidiary Companies Polyplex (Asia) Pte. Limited (Cost - USD 10,00,000) (common stock, no par value)		100,000	463.83	100,000	463.83
Polyplex (Americas) Inc. (Cost - USD 1,25,000) (common stock, no par value)		—	—	25,000	44.54
<b>Sub Total (b)</b>			463.83		508.37
<b>2. Quoted - Equity / Ordinary Shares</b> (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
<b>Sub Total (c)</b>			1,487.60		1,487.60
<b>TOTAL (a+b+c)</b>			1,953.93		1,998.47
<b>Note:</b>					
<b>Aggregate of Unquoted Investments</b> (At Cost Less Provision)			466.33		510.87
<b>Aggregate of Quoted Investments</b> (At Book Value)			1,487.60		1,487.60
(At Market Value)			31,109.88		34,463.08

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

## NOTE 12

### LONG TERM LOANS AND ADVANCES

	As at March 31, 2013 (Rs. in Lacs)	As at March 31, 2012 (Rs. in Lacs)
Capital advances to vendors	207.42	132.71
Security Deposits	666.08	543.22
MAT Credit Entitlement	330.14	232.09
<b>TOTAL</b>	<b>1,203.64</b>	<b>908.02</b>

## NOTE 13

### CURRENT INVESTMENTS

(Other than Trade)

(Unquoted - Other than Shares)

	As at March 31, 2013 No. of Units	As at March 31, 2013 (Rs. in Lacs)	As at March 31, 2012 No. of Units	As at March 31, 2012 (Rs. in Lacs)
<b>MUTUAL FUNDS</b>				
Pramerica Liquid Fund - Growth Option	—	—	164,350	1,880.00
<b>TOTAL</b>	—	—		1,880.00

## NOTE 14

### INVENTORIES

(as valued and certified by the Management)

(at lower of cost and net realisable value)

	As at March 31, 2013 (Rs. in Lacs)	As at March 31, 2012 (Rs. in Lacs)
Raw Materials (inclusive Stock in Transit of Rs. 989.80 Lacs, Previous Year – Rs. 540.31 Lacs)	5,998.83	6,317.29
Stock in Process	1,826.33	1,698.86
Finished Goods (inclusive Stock in Transit of Rs. 404.31 Lacs, Previous Year – Rs. 547.11 Lacs)	2,479.57	2,370.65
Stores & Spares	1,134.59	1,080.96
<b>TOTAL</b>	<b>11,439.32</b>	<b>11,467.76</b>

## NOTE 15

### TRADE RECEIVABLES

(Unsecured, considered good unless otherwise stated)

	As at March 31, 2013 (Rs. in Lacs)	As at March 31, 2012 (Rs. in Lacs)
<b>DEBTS OUTSTANDING FOR A PERIOD EXCEEDING SIX MONTHS FROM THE DUE DATE</b>		
Considered Good	67.78	35.94
Considered Doubtful	6.78	4.71
Less: Provision for Doubtful Debts	(6.78)	(4.71)
<b>OTHER DEBTS</b>		
Considered Good	8,315.57	3,809.78
<b>TOTAL</b>	<b>8,383.35</b>	<b>3,845.72</b>

## NOTE 16

### CASH AND BANK BALANCES

	As at March 31, 2013 (Rs. in Lacs)	As at March 31, 2012 (Rs. in Lacs)
<b>CASH AND CASH EQUIVALENTS</b>		
Cash on Hand	12.76	11.13
Cheques in Hand	—	38.98
<b>BANK BALANCE WITH SCHEDULED BANKS</b>		
Current Accounts	815.75	859.23
Fixed Deposits with origin less than three months	52.00	4,500.00
<b>Sub Total (a)</b>	<b>880.51</b>	<b>5,409.34</b>
<b>EARMARKED BALANCES WITH BANKS</b>		
Unpaid Dividend Accounts	105.17	101.74
<b>Sub Total (b)</b>	<b>105.17</b>	<b>101.74</b>
<b>OTHER BANK BALANCES</b>		
Fixed Deposits (Lien with Banks)	65.40	65.40
<b>Sub Total (c)</b>	<b>65.40</b>	<b>65.40</b>
<b>TOTAL (a+b+c)</b>	<b>1,051.08</b>	<b>5,576.48</b>

## NOTE 17

### SHORT TERM LOANS AND ADVANCES

(Unsecured, considered good unless otherwise stated)

	As at March 31, 2013 (Rs. in Lacs)	As at March 31, 2012 (Rs. in Lacs)
Loans and Advances to Related Party	20.25	20.25
Advances to Vendors and Others	1,307.18	1,122.23
Export Benefit Receivables	999.32	584.44
Prepaid Expenses	172.81	168.74
Intercorporate Deposits	2,600.00	1,000.00
Deposits with Government Authorities & Others	56.31	56.49
Advance Tax (Net of Provisions)	368.42	369.71
MAT Credit Entitlement	—	—
Balance with Customs & Excise	1,108.22	1,233.56
<b>TOTAL</b>	<b>6,632.51</b>	<b>4,555.42</b>

## NOTE 18

### OTHER CURRENT ASSETS

	As at March 31, 2013 (Rs. in Lacs)	As at March 31, 2012 (Rs. in Lacs)
Discarded Plant & Machinery Held for Sale	105.64	106.09
Other Receivables	146.02	191.45
<b>TOTAL</b>	<b>251.66</b>	<b>297.54</b>



## NOTE 19

### REVENUE FROM OPERATIONS

	Current Year (Rs. in Lacs)	Previous Year (Rs. in Lacs)
<b>SALES</b>		
Plastic Film	92,277.79	85,593.32
Others	7,200.99	7,385.16
<b>Total</b>	<b>99,478.78</b>	<b>92,978.48</b>
Less: Excise Duty	(4,992.86)	(3,931.16)
<b>Net Sales</b>	<b>94,485.92</b>	<b>89,047.32</b>
<b>OTHER OPERATING INCOME</b>		
Liabilities written back	48.58	572.85
Provision for Doubtful Debts written back	4.71	10.00
Insurance claims received	270.90	89.39
<b>TOTAL</b>	<b>94,810.11</b>	<b>89,719.56</b>

## NOTE 20

### OTHER INCOME

	Current Year (Rs. in Lacs)	Previous Year (Rs. in Lacs)
Rental Income	226.34	225.61
Profit on Sale of Current Investments	26.45	128.47
Dividend Income	4,239.58	13,971.28
Interest Income	340.57	71.98
Other Income / Claims	30.52	269.36
<b>TOTAL</b>	<b>4,863.46</b>	<b>14,666.70</b>

## NOTE 21

### COST OF MATERIAL CONSUMED

	Current Year (Rs. in Lacs)	Previous Year (Rs. in Lacs)
Raw Material	67,723.58	57,733.26
Packing Material	2,757.66	2,315.72
<b>TOTAL</b>	<b>70,481.24</b>	<b>60,048.98</b>
	Current Year (Rs. in Lacs)	Previous Year (Rs. in Lacs)
<b>Particulars of Material consumed</b>		
Petrochemicals (PTA, MEG, Polypropylene)	64,802.00	57,228.54
Packing Material	2,757.66	2,315.72
Others Raw Material	2,921.58	504.72
<b>TOTAL</b>	<b>70,481.24</b>	<b>60,048.98</b>
<b>Value &amp; Percentage of imported and indigeneous Material consumed</b>		
Imported (Value)	2,311.91	3,379.63
Imported (%)	3.28%	5.63%
Domestic (Value)	68,169.33	56,669.35
Domestic (%)	96.72%	94.37%
<b>TOTAL (Value)</b>	<b>70,481.24</b>	<b>60,048.98</b>
<b>TOTAL (%)</b>	<b>100.00%</b>	<b>100.00%</b>

## NOTE 22

### CHANGES IN INVENTORY

	Current Year (Rs. in Lacs)	Previous Year (Rs. in Lacs)
<b>OPENING STOCK</b>		
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
	<b>4,069.51</b>	<b>6,479.76</b>
Add: Transfer from Preoperative Expenditure (Refer Note No: 26 F)	—	262.73
<b>CLOSING STOCKS</b>		
Finished Goods	2,479.57	2,370.65
Stock in Process - Others/Rolls	473.39	431.92
Stock in Process - Chips	1,352.94	1,266.94
	<b>4,305.90</b>	<b>4,069.51</b>
Add : Increase/(Decrease) in Excise Duty on Stocks	5.74	(36.44)
<b>Net Changes in Inventory</b>	<b>(230.65)</b>	<b>2,636.54</b>

## NOTE 23

### EMPLOYEE BENEFITS EXPENSE

	Current Year (Rs. in Lacs)	Previous Year (Rs. in Lacs)
Salaries, Wages, Bonus etc.	3,739.29	3,704.34
Contribution to Provident and Other Funds	221.83	275.47
Staff Welfare Expenses	329.69	289.21
<b>TOTAL</b>	<b>4,290.81</b>	<b>4,269.02</b>

## NOTE 24

### FINANCE COSTS

	Current Year (Rs. in Lacs)	Previous Year (Rs. in Lacs)
Interest Expense	1,723.49	2,296.95
Other Borrowing Cost	447.19	351.51
<b>TOTAL</b>	<b>2,170.68</b>	<b>2,648.46</b>

## NOTE 25

### OTHER EXPENSES

	Current Year (Rs. in Lacs)	Previous Year (Rs. in Lacs)
<b>MANUFACTURING EXPENSES</b>		
Job Work Charges	7.02	0.27
Stores & Spares Consumed*	1,416.95	1,067.17
Power & Fuel	6,203.32	6,664.45
<b>REPAIRS AND MAINTENANCE</b>		
Building	40.68	57.45
Plant & Machinery	182.68	129.33
<b>Sub Total (a)</b>	<b>7,850.65</b>	<b>7,918.67</b>
<b>ADMINISTRATIVE EXPENSES</b>		
Rent	110.52	151.22
Insurance	434.42	355.48
Directors' Commission	6.00	50.00
Directors' Sitting Fee	12.00	11.00
Other Administrative Expenses	2,161.43	2,641.28
<b>Sub Total (b)</b>	<b>2,724.37</b>	<b>3,208.98</b>
<b>SELLING EXPENSES</b>		
Freight	3,633.71	3,453.54
Other Selling Expenses	377.71	351.63
<b>Sub Total (c)</b>	<b>4,011.42</b>	<b>3,805.17</b>
<b>OTHER EXPENSES</b>		
Assets written off	14.62	48.14
Loss on Sale of Fixed Assets (Net)	18.40	1.07
Donation	4.10	13.68
Foreign Exchange Fluctuation (Net)	126.90	239.25
Provision for Doubtful Debts	6.78	—
Bad Debts	44.46	—
<b>Sub Total (d)</b>	<b>215.26</b>	<b>302.14</b>
<b>TOTAL (a+b+c+d)</b>	<b>14,801.70</b>	<b>15,234.96</b>
	<b>Current Year (Rs. in Lacs)</b>	<b>Previous Year (Rs. in Lacs)</b>
<b>*Value &amp; percentage of imported and Indigeneous Stores &amp; spares consumed</b>		
Imported (Value)	194.57	322.48
Imported (%)	13.73%	30.22%
Domestic (Value)	1,222.38	744.69
Domestic (%)	86.27%	69.78%
<b>TOTAL (Value)</b>	<b>1,416.95</b>	<b>1,067.17</b>
<b>TOTAL (%)</b>	<b>100.00%</b>	<b>100.00%</b>

## 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.207.42 Lacs (Previous Year – Rs.132.71 Lacs) – Rs.592.38 Lacs. (Previous Year – Rs.589.17 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	179.03	238.87
Excise Duty & Customs Duty	29.14	29.14
Income Tax	73.54	73.54
Others	30.05	18.75

ii. Bills discounted with banks – Rs.142.69 Lacs (Previous Year – Rs.871.86 Lacs).

iii. (a) Custom duty saved amounting to Rs.2,469.66 Lacs (Previous Year – Rs.2,765.16 Lacs) in respect of import of machinery under Export Promotion Capital Goods (EPCG) Scheme against which export obligation is pending to be fulfilled.

(b) Import duty saved amounting to Rs.128.47 Lacs (Previous Year – Rs.162.43 Lacs) 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.361.97 Lacs (Previous Year – Rs.428.97 Lacs), including Rs.2.00 Lacs (Previous Year – Rs.2.00 Lacs) on behalf of other bodies corporate.

C. Export incentives amounting to Rs.2,392.23 Lacs (Previous Year – Rs.1,284.59 Lacs) are accounted for on accrual basis and have been credited to Raw Materials Consumption Account.

D. The revenue expenditure of Rs.232.80 Lacs (Previous Year – Rs.344.06 Lacs) and capital expenditure of Rs.0.64 Lacs (Previous Year – Rs.3.39 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	2012-13	2011-12
(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 equipments 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, 2013	As At March 31, 2012
Pre-operative Expenses brought forward	6.85	(154.57)
Raw Material Consumed	—	391.69
Power & Fuel	—	64.34
Salary & Wages	—	25.00
Insurance	4.57	12.45
Other Borrowing Cost	22.29	196.36
Interest on Term Loan	25.39	104.95
Foreign Exchange Fluctuation (Net) (Refer Note: 26 K (III))	79.36	821.17
Miscellaneous & Other Expenses	40.69	10.20
<b>TOTAL</b>	<b>179.15</b>	<b>1,471.60</b>
Less : Scrap Sales	—	12.60
Less : Stock of Finished Goods at Commencement of Commercial Production	—	262.73
	<b>179.15</b>	<b>1,196.27</b>
Less : Allocated and Capitalised during the year	—	1,189.42
<b>Balance Pending Allocation Transfer to Balance Sheet</b>	<b>179.15</b>	<b>6.85</b>

**G. Trade Receivables, Loans & Advances and Other Current Liabilities include following:**

(Rs. in Lacs)

Particulars	Balance as at March 31, 2013	Maximum Outstanding Current Year	Balance as at March 31, 2012	Maximum Outstanding Previous Year
<b>A. Subsidiaries / Step down subsidiaries</b>				
– Polyplex (Thailand) Public Company Ltd. *	—	55.82	—	54.93
– Polyplex Europa Polyester Film Sanayi Ticaret A.S. *	—	103.75	—	49.78
– Polyplex (Americas) Inc. *	—	4.41	—	2.59
– Polyplex USA LLC *	—	49.93	—	42.07
– Polyplex (Asia) Pte. Ltd. (PAPL)	—	4.89	—	16.29
– Polyplex Resins Sanayi Ticaret A.S. *	—	8.20	—	—
– EcoBlue Ltd. *	—	3.04	—	—
– Peninsula Beverages and Foods Company Pvt. Ltd. *	—	169.08	—	—
– Polyplex (Thailand) Public Company Ltd. **	104.24	428.25	222.89	313.37
– Polyplex Europa Polyester Film Sanayi Ticaret A.S. **	155.87	462.01	(3,009.44)	(4,462.90)
– Polyplex (Americas) Inc. **	—	493.39	(430.76)	(2,623.37)
– Polyplex USA LLC **	(358.09)	746.97	—	—
<b>B. Others</b>				
– Interest free loans to Employees	80.78	128.57	100.43	109.79

\* Loans & Advances. against reimbursement of expenses.

\*\* Receivable from / Payable to Subsidiaries against sale of material.



H. Advances recoverable in cash or in kind under Loans & Advances (Note 26 G) include Rs.5 Lacs (Previous Year – Nil) due from an officer / director. Maximum amount due during the Year Rs.7.17 Lacs (Previous Year – Nil).

I. i. During the Current Year, Company has sold its holding of 25,000 nos. common stock in Polyplex (Americas) Inc. (PA) (representing 9.88% shareholding) having book value of Rs.44.54 Lacs to its subsidiary company Polyplex (Thailand) Public Co. Limited (PTL), which has resulted in profit of Rs.116.13 Lacs and the same is shown as exceptional income. Further, during the year, PTL has acquired non controlling stake in 'PA' which subsequently has been merged into Polyplex USA LLC (PU) w.e.f. January 31, 2013.

ii. During the Previous Year, Company had 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. Accordingly, during the Previous Year, the Company has recorded an additional depreciation of Rs.7,078.80 Lacs in respect of earlier years as an exceptional item.

J. The 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	2012-13	2011-12
Total lease payment during the year (Recognized in Profit & Loss Statement)	19.17	17.79
Minimum Lease Payments		
– Not later than one year	18.23	18.23
– Later than one year but not later than five year	3.19	22.49
– 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	2,34,21,021	12,740.87	1,99,57,443	10,211.52
	EUR	1,45,87,210	10,137.79	1,72,39,430	11,783.20
	JPY	63,00,00,000	3,701.88	84,00,00,000	5,328.12
Loans - Short Term	USD	54,01,590	2,938.43	68,42,161	3,500.89
	EUR	4,36,219	303.41	—	—
Trade Receivables	USD	55,76,494	3,032.16	34,30,359	1,723.52
	EUR	9,57,128	665.53	7,29,990	476.92
Trade Payables	USD	2,21,404	120.51	2,41,767	121.48
	EUR	60,581	42.14	3,59,132	237.18
	JPY	8,61,800	5.06	—	—
Other Liabilities	USD	1,98,293	107.06	1,03,632	51.09
	EUR	1,416	1.00	—	—

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	280,000	USD/INR	USD	43,822
Forward Contracts	INR/USD	—	—	INR/USD	USD	2,167,257
Forward Contracts	USD/JPY	—	—	USD/JPY	JPY	33,400,000
SWAP Deal	USD/JPY	USD	6,000,000	USD/JPY	USD	8,000,000

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, Loss (net) of Rs.36.81 Lacs (Previous Year – Gain (net) of Rs.377.96 Lacs) on foreign exchange derivatives taken for payments to suppliers of imported capital goods and Gain (net) of Rs.0.56 Lacs (Previous Year – Gain (net) of Rs.43.01 Lacs) on mark to market on outstanding derivatives as on March 31, 2013 has been capitalized / shown as part of pre-operative expenses based on expert opinion, as the same is attributable to the Fixed Assets.

iv. Hitherto Gain/Loss on cancellation of Foreign Exchange derivatives contracts like structured options, forward and swap to hedge interest/ principal and attributable to fixed assets was treated as cost of the asset. During the year the same has been recognized in the Profit & Loss Statement. This change has no material impact on profit of the year.

#### L. Payments to Auditors:

(Rs. in Lacs)

Particulars	Current Year	Previous Year
Audit Fee *	13.29	12.08
Tax Audit Fee *	1.12	1.12
Certification & Other Fees *	6.80	6.12
Out of Pocket Expenses	0.93	0.45
<b>TOTAL</b>	<b>22.14</b>	<b>19.78</b>

\* Includes Service Tax

#### M. Expenditure in Foreign Currency:

(Rs. in Lacs)

Particulars	Current Year	Previous Year
Consultation Fees	67.87	66.70
Interest	822.53	842.51
Finance Charges	239.88	424.19
Brokerage & Commission	220.47	160.84
Others	133.11	164.27
<b>TOTAL</b>	<b>1,483.86</b>	<b>1,658.51</b>

#### N. Earnings in Foreign Currency:

(Rs. in Lacs)

Particulars	Current Year	Previous Year
FOB Value of Exports (Including Deemed Exports Rs. 54.39 Lacs, Previous Year – Rs. 3.53 Lacs)	25,231.96	25,029.87
Dividend (Gross) from Subsidiary Companies	4,239.58	13,971.28
Sale of Investments	160.68	—
Other Claims	—	257.65
<b>TOTAL</b>	<b>29,632.22</b>	<b>39,258.80</b>

#### O. Dividend remitted in Foreign Currency:

Particulars	2012-13	2011-12
<b>Final Dividend</b>	w.r.t. F.Y. 2011-12	w.r.t. F.Y. 2010-11
Amount of Dividend (Rs. in Lacs)	526.33	921.07
Number of Non-resident Shareholders	2	2
Number of Shares held by these Non-residents	13,158,134	13,158,134

#### P. CIF Value of Imports:

(Rs. in Lacs)

Particulars	Current Year	Previous Year
Raw Material	3,374.75	6,381.69
Stores & Spares, Chemicals & Packing Material	450.17	193.56
Capital Goods	398.22	7,192.22
<b>TOTAL</b>	<b>4,223.15</b>	<b>13,767.48</b>

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 Profit & Loss Statement / Pre-operative Expenses pending allocation are as under:

(Rs. in Lacs)

Particulars	Current Year	Previous Year
Employer's Contribution to Provident Fund	154.72	144.82
Employer's Contribution to Superannuation Fund	52.11	46.85

### Defined Benefit Plan

The 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
<b>a) Reconciliation of Opening and Closing Balances of Defined Benefit Obligation</b>				
Defined Benefit Obligation at beginning of the year	322.51	253.90	69.76	54.03
Current Service Cost	36.82	34.11	20.13	18.21
Interest Cost	26.61	21.58	5.76	4.59
Actuarial (gain)/loss	13.52	40.20	(0.91)	(2.57)
Benefit Paid	(48.20)	(27.28)	(12.97)	(4.50)
<b>Defined Benefit Obligation at year end</b>	<b>351.26</b>	<b>322.51</b>	<b>81.77</b>	<b>69.76</b>
<b>b) Reconciliation of Opening and Closing Balances of Fair Value of Plan Assets :</b>				
Fair Value of Plan Assets at beginning of the year	449.26	362.73	—	—
Expected Return on Plan Assets	38.80	36.03	—	—
Actuarial (gain)/loss	0.75	(3.13)	—	—
Employer Contribution	11.87	80.91	—	—
Benefit Paid	(48.20)	(27.28)	—	—
<b>Fair Value of Plan Assets at year end</b>	<b>452.48</b>	<b>449.26</b>	<b>—</b>	<b>—</b>
<b>c) Reconciliation of Fair Value of Assets and Obligations :</b>				
Fair Value of Plan Assets as at year end	452.48	449.26	—	—
Present Value of Obligation as at year end	351.26	322.51	81.77	69.77
<b>Net Assets/(Liability)</b>	<b>101.22</b>	<b>126.75</b>	<b>(81.77)</b>	<b>(69.77)</b>
<b>d) Expenses Recognized during the year :</b>				
Current Service Cost	36.82	34.11	20.13	18.21
Interest Cost	26.61	21.58	5.76	4.59
Expected Return on Plan Assets	(38.80)	(36.03)	—	—
Actuarial (gain)/loss	12.77	43.33	(0.91)	(2.57)
Expense Recognised in P & L Statement	37.40	62.99	24.98	20.23
<b>e) Investment Details :</b>				
LIC Group Gratuity (Cash Accumulation) Policy	100%	100%	—	—
<b>f) Actuarial Assumption</b>				
<b>Mortality Table (L.I.C.)</b>	<b>1994–96</b>	<b>1994–96</b>	<b>1994–96</b>	<b>1994–96</b>
	<b>Ultimate</b>	<b>Ultimate</b>	<b>Ultimate</b>	<b>Ultimate</b>
Discount Rate (per annum)	8.25%	8.50%	8.25%	8.50%
Rate of Escalation in Salary (per annum)	7.00%	6.50%	7.00%	6.50%

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)	511.49	7,599.43
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.)	1.60	23.76
Diluted EPS	(Rs.)	1.60	23.76

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 (PTL)
- Polyplex (Asia) Pte. Limited (PAPL)
- Polyplex (Singapore) Pte. Limited (PSPL)
- Polyplex Europa Polyester Film Sanayi Ve Ticaret A.S.(PE)

- Polyplex USA LLC (PU)
- Polyplex (Americas) Inc (PA) merged with PU on January 31, 2013.
- Polyplex Trading (Shenzhen) Co. Ltd. (PTSL)
- PAR LLC USA (PAR LLC)
- Polyplex America Holdings Inc. (PAH)
- Polyplex Resins Sanayi Ve Ticaret A.S. (PR)
- EcoBlue Ltd. w.e.f. October 1, 2012
- Peninsula Beverages & Foods Company Pvt. Ltd. w.e.f. February 6, 2013

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) upto October 31, 2012.

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
- Manupatra Publishing Private Limited
- Altivolus Infotech Private Limited
- Dalhousie Villa Private Limited
- Bhilangana Hydro Power Limited
- Peninsula Beverages & Foods Company Pvt. Ltd. upto February 5, 2013

### 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	642.79 ( — )	— ( — )	27.00 (27.00)	6.10 (6.00)	675.89 (33.00)
2	Sale of Material/Services/ Investments	9,060.47 (11,724.84)	— ( — )	— ( — )	61.50 (68.99)	9,121.97 (11,793.83)
3	Mangerial Remuneration	— ( — )	289.57 (381.94)	— ( — )	— ( — )	289.57 (381.94)
4	Commission to Director	— ( — )	6.00 (50.00)	— ( — )	— ( — )	6.00 (50.00)
5	Directors' Sitting Fees	— ( — )	2.20 (1.20)	— ( — )	— ( — )	2.20 (1.20)
6	Advances given during the year	463.27 (242.92)	— ( — )	— ( — )	196.71 ( — )	659.98 (242.92)
7	Dividend Received	4,239.58 (13,971.28)	— ( — )	— ( — )	— ( — )	4,239.58 (13,971.28)
	Outstanding at year end					
8	Receivables	260.11 (222.89)	— ( — )	20.25 (20.25)	— (34.93)	280.36 (278.07)
9	Payables	358.09 (3,440.20)	6.00 (50.00)	— ( — )	— ( — )	364.09 (3,490.20)
10	Investment in Equity/ Preference Shares	1,951.43 (1,995.97)	— ( — )	— ( — )	2.50 (2.50)	1,953.93 (1,998.47)

Note : 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
<b>1 Purchase of Material / Services</b>			
– Polyplex (Thailand) Public Co. Limited	642.79 (—)	— (—)	— (—)
– Dalhousie Villa Private Limited	— (—)	— (—)	6.10 (6.00)
<b>2 Sale of Material / Services / Investments</b>			
– Polyplex (Americas) Inc.	3,208.66 (5,171.52)	— (—)	— (—)
– Polyplex Europa Polyester Film Sanayi Ve Ticaret A.S.	2,164.10 (5,641.33)	— (—)	— (—)
– Polyplex (Thailand) Public Co. Limited	1,637.14 (912.00)	— (—)	— (—)
– Beehive Systems Private Limited	— (—)	— (—)	36.00 (42.98)
– Manupatra Information Solutions Private Limited	— (—)	— (—)	17.80 (18.13)
– Polyplex USA LLC	2,050.56 (—)	— (—)	— (—)
<b>3 Advances given during the Year</b>			
– Polyplex (Thailand) Public Co. Limited	125.16 (65.71)	— (—)	— (—)
– Polyplex Europa Polyester Film Sanayi Ve Ticaret A.S.	180.83 (102.24)	— (—)	— (—)
– Polyplex (Asia) Pte. Limited	5.85 (36.99)	— (—)	— (—)
– Peninsula Beverages and Foods Company Private Limited	— (—)	— (—)	196.71 (—)
– Polyplex USA LLC	122.70 (37.82)	— (—)	— (—)
<b>4 Payment to Key Managerial Personnel</b>			
– Shri Sanjiv Saraf	— (—)	6.00 (50.00)	— (—)
– Shri Pranay Kothari *	— (—)	142.63 (172.33)	— (—)
– Shri Ranjit Singh **	— (—)	146.94 (209.61)	— (—)
<b>5 Dividend Received</b>			
– Polyplex (Asia) Pte. Limited	3,842.07 (10,513.90)	— (—)	— (—)
– Polyplex (Thailand) Public Co. Limited	393.22 (3,448.49)	— (—)	— (—)
– Polyplex (Americas) Inc.	4.29 (8.88)	— (—)	— (—)

\* Subject to Special Resolution in General Meeting and Approval from Ministry of Corporate Affairs for Financial Year 2012-13.

\*\* Subject to Special Resolution in General Meeting for Financial Year 2012-13.

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



- U. In view of insufficiency / inadequacy of profits for the current financial year ended March 31, 2013, remuneration paid to Whole Time Directors exceeded the limit prescribed under provisions of Section 198, 269 read with Section 309 of the Companies Act 1956. Accordingly, Remuneration paid to Shri Pranay Kothari and Shri Ranjit Singh, Whole Time Directors amounting to Rs.289.57 Lacs is subject to the approval of the members (by way of Special Resolution), in the ensuing General Meeting, which includes Rs.142.63 Lacs in respect of Shri Pranay Kothari, Whole Time Director for which application for approval of the Ministry of Corporate Affairs, Government of India will be made in due course.
- V. Trade Receivables over six months include overdue debts aggregating to Rs.45 Lacs (Previous Year – Nil) (net of provision of Rs.Nil (Previous Year – Nil)) where Company has initiated legal or other necessary action for recovery.
- W. (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.39.32 Lacs (Previous Year – Rs.344.85 Lacs)
- (ii) Income Tax assessment in respect of certain years are 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.
- X. 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.
- Y. Previous Year's figures have been re-grouped/re-classified accordingly.
- Z. Figures in the Balance Sheet, Profit & Loss Statement and Cash Flow Statement have been expressed in Rs. Lacs with two decimals.

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

**A.K. Gurnani**  
Company Secretary

Place : New Delhi  
Date : May 30, 2013

**Sanjiv Saraf**  
Chairman

**Pranay Kothari**  
Executive Director

**Jitender Balakrishnan**  
**Sanjiv Chadha**  
**Ravi Kumar**  
**B.K. Soni**  
**Suresh I. Surana**  
Directors

Place : NOIDA  
Date : May 30, 2013

## INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

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

We have audited the accompanying consolidated financial statements of Polyplex Corporation Limited and its subsidiaries (collectively referred to as "the Group"), which comprises the Consolidated Balance Sheet as at 31st March 2013, and the statement of the Consolidated Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the Consolidated Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) In the case of consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2013;
- (b) In the case of consolidated Statement of Profit & Loss, of the Profit for the year ended on that date; and
- (c) In the case of consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

### Other Matters

- (a) We did not audit the financial statements of foreign subsidiaries M/s Polyplex (Asia) Pte. Limited, Polyplex (Thailand) Public Company Limited, Polyplex (Singapore) Pte. Limited, Polyplex Europa Polyester Film Sanayi Ticaret A.S., PAR LLC, Polyplex Resins Sanayi VE Ticaret A.S, Polyplex America Holdings Inc, Polyplex USA LLC, Eco Blue Limited, whose financial statements reflect total assets of Rs. 4,46,930.49 Lacs as at 31st March 2013, total revenue of Rs.2,05,870.05 Lacs and net cash flow of Rs. 6,075.51 Lacs for the year then ended. These financial statements have been audited by other auditors, as per applicable GAAP in their respective countries, whose report has been furnished to us by the management and our opinion, in so far as it relates to the amount includes in respects of the subsidiaries is based solely on the reports of the other auditors.
- (b) We did not audit the financial statements of foreign subsidiary Polyplex Trading (Shenzhen) Co. Limited whose unaudited financial statements reflect total assets of Rs. 475.60 Lacs as at 31st March, 2013, total revenues of Rs. 930.08 Lacs and net cash flow of Rs. 20.70 Lacs for the year then ended. The said financial statements, which were submitted 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 amount considered in the financial statements for the reason as stated above.

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

**N. K. Lodha**  
Partner

Place : New Delhi  
Date : May 30, 2013

Membership No. 85155

## CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2013

	NOTE	As at March 31, 2013 (Rs. in Lacs)	As at March 31, 2012 (Rs. in Lacs)
<b>I EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	2	3,256.32	3,256.32
Reserves and Surplus	3	197,280.17	186,696.60
<b>Minority Interest</b>		66,476.50	61,119.45
<b>Non-Current Liabilities</b>			
Long Term Borrowings	4	113,423.39	47,328.76
Deferred Tax Liability (Net)	5	1,288.84	1,280.39
Long Term Provisions	6	377.59	219.62
<b>Current Liabilities</b>			
Short Term Borrowings	7	28,775.40	11,660.19
Trade Payables		20,182.12	18,249.19
Other Current Liabilities	8	26,511.22	20,030.95
Short Term Provisions	9	973.84	1,500.76
<b>TOTAL</b>		<b>458,545.39</b>	<b>351,342.23</b>
<b>II ASSETS</b>			
<b>Non-Current Assets</b>			
Fixed Assets			
Tangible Assets	10	150,225.37	153,837.78
Intangible Assets	10	80.28	73.34
Capital Work-in-Progress		115,153.81	9,021.44
Goodwill on Consolidation		401.45	63.99
Non Current Investments	11	5,775.37	1,026.61
Long Term Loan and Advances	12	3,014.97	8,773.08
Other Non-Current Assets	13	146.96	50.57
<b>Current Assets</b>			
Current Investments	14	2,065.71	1,880.00
Inventories	15	43,206.13	37,551.03
Trade Receivables	16	34,443.93	27,004.61
Cash & Bank Balances	17	89,955.96	100,403.68
Short Term Loans and Advances	18	13,823.79	11,358.56
Other current assets	19	251.66	297.54
<b>TOTAL</b>		<b>458,545.39</b>	<b>351,342.23</b>
<b>Significant Accounting Policies and other explanatory notes are integral part of Consolidated Financial Statements</b>	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

**A.K. Gurnani**  
Company Secretary

**Sanjiv Saraf**  
Chairman

**Pranay Kothari**  
Executive Director

**Jitender Balakrishnan**  
**Sanjiv Chadha**  
**Ravi Kumar**  
**B.K. Soni**  
**Suresh I. Surana**  
Directors

Place : New Delhi  
Date : May 30, 2013

Place : NOIDA  
Date : May 30, 2013

## CONSOLIDATED PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED ON MARCH 31, 2013

	NOTE	CURRENT YEAR (Rs. in Lacs)	PREVIOUS YEAR (Rs. in Lacs)
I Revenue from Operations	20	253,486.25	242,592.58
II Other Income	21	6,340.38	5,470.19
III Total Revenue (I + II)		259,826.63	248,062.77
IV Expenses			
Cost of Material Consumed	22	166,741.44	138,969.85
Purchases of Stock-in-Trade		3,886.41	5,001.85
Changes in Inventory	23	(3,479.90)	5,090.63
Employee Benefits Expense	24	17,967.16	13,132.46
Finance Costs	25	3,233.64	3,383.87
Depreciation & Amortisation		14,995.40	13,082.12
Other Expenses	26	49,611.97	39,536.63
Total Expenses		252,956.12	218,197.41
V Profit before Exceptional and Extraordinary Items and Tax		6,870.51	29,865.36
VI Exceptional Items (Gain)/Loss (Refer Note No: 27H)		—	11,045.78
VII Profit before Tax (V–VI)		6,870.51	18,819.57
VIII Tax Expense			
Current Tax - MAT		323.44	1,203.79
MAT Credit Entitlement		(98.05)	(232.09)
Deferred Tax		8.45	(3,001.09)
Prior Period Adjustment - Tax		7.37	40.02
Total		241.21	(1,989.37)
IX Profit for the year before Minority Interest (VII–VIII)		6,629.30	20,808.95
X Less: Minority Interest		4,506.04	11,410.52
XI Profit for the year after Minority Interest		2,123.26	9,398.43
XII Earnings Per Share			
– Basic (in Rs.)		6.64	29.38
– Diluted (in Rs.)		6.64	29.38
Significant Accounting Policies and other explanatory notes are integral part of Consolidated 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

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Company Secretary

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**Sanjiv Chadha**  
**Ravi Kumar**  
**B.K. Soni**  
**Suresh I. Surana**  
Directors

Place : NOIDA  
Date : May 30, 2013

Place : New Delhi  
Date : May 30, 2013

# **CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2013**

	2012-13 (Rs. in Lacs)	2011-12 (Rs. in Lacs)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Net Profit before Tax	6,870.51	18,819.58
Adjusted for: -		
Depreciation / Amortization	15,066.64	13,149.24
Provision for Doubtful Debts/ Bad Debts written off	154.49	20.82
Interest Expenses	3,233.64	4,139.59
Interest Income	(3,008.59)	(2,858.24)
Decrease of Inventory to Net Realisable Value	244.82	44.93
Unrealised Foreign Exchange (Gain) / Loss	(5,309.49)	701.40
Excess Provision / Sundry Balances written back	(48.58)	(916.55)
Provision for Doubtful Debts written back	(4.71)	(10.00)
Loss/(Gain) on Sale of Fixed Assets (Net)	(50.33)	2.85
Asset written off	43.83	48.14
Profit on Sale of Investments	(37.79)	(128.47)
	<u>10,283.93</u>	<u>14,193.71</u>
Operating Profit before Working Capital Changes	17,154.44	33,013.29
Adjusted for: -		
Trade and Other Receivables	(9,964.96)	2,126.18
Inventories	(5,899.92)	300.70
Trade Payables	6,463.67	905.52
	<u>(9,401.21)</u>	<u>3,332.40</u>
Cash Generated from Operations	7,753.23	36,345.69
Exceptional Item	—	11,045.78
Taxes Paid	(575.57)	(1,137.35)
Net Cash From Operating Activities	7,177.66	46,254.12
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(4,455.79)	(25,934.01)
Capital Work in Progress including Advances	(100,116.02)	1,365.30
Sale of Fixed Assets	789.64	1,150.55
Sale of Long Term Investments	—	7.38
Purchase of Long Term Investments	(4,679.52)	(1,024.11)
Purchase of Short Term Investments	(38,905.98)	(224,717.34)
Redemption of Long Term Investments	—	(3,966.98)
Sale of Short Term Investments - MF	38,758.06	225,803.30
Increase in Minority Interest (Net of Dividend Paid)	851.01	(9,072.81)
Interest/Dividend Received	2,844.98	2,825.49
Net Cash Used in Investing Activities	<u>(104,913.62)</u>	<u>(33,563.23)</u>

	2012-13 (Rs. in Lacs)	2011-12 (Rs. in Lacs)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Long Term Borrowings	87,926.04	12,350.81
Repayment of Long Term Borrowings	(14,106.58)	(14,831.66)
Net Proceeds from Short Term Borrowings	17,115.21	(1,107.18)
Interest Paid	(3,237.27)	(4,079.99)
Dividend Paid	(1,275.94)	(2,227.25)
Tax on Distributed Profits	(207.55)	(363.21)
<b>Net Cash Used in Financing Activities</b>	<b>86,213.91</b>	<b>(10,258.48)</b>
<b>D. CHANGE IN CURRENCY FLUCTUATION RESERVE</b>		
<b>ARISING ON CONSOLIDATION</b>	<b>1,074.33</b>	<b>11,893.33</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>(10,447.72)</b>	<b>14,325.74</b>
Cash and Cash Equivalents at the beginning of the year	35,086.21	20,533.77
Other Bank Balances as at the beginning of the year	65,317.47	65,544.17
<b>Total Cash &amp; Bank Balances as at the beginning of the year</b>	<b>100,403.68</b>	<b>86,077.94</b>
Cash and Cash Equivalents as at the end of the year	30,058.14	35,086.21
Other Bank Balances as at the end of the year	59,897.82	65,317.47
<b>Total Cash &amp; Bank Balances as at end of the year</b>	<b>89,955.96</b>	<b>100,403.68</b>

\* 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

**A.K. Gurnani**  
Company Secretary

Place : New Delhi  
Date : May 30, 2013

**Sanjiv Saraf**  
Chairman

**Pranay Kothari**  
Executive Director

**Jitender Balakrishnan**  
**Sanjiv Chadha**  
**Ravi Kumar**  
**B.K. Soni**  
**Suresh I. Surana**  
Directors

Place : NOIDA  
Date : May 30, 2013

## NOTE 1

### SIGNIFICANT ACCOUNTING POLICIES

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#### BASIS OF CONSOLIDATION

- (a) The Consolidated Financial Statements (CFS) relate to Polyplex Corporation Limited (the Company), and its Subsidiaries. The (CFS) have been prepared in accordance with Accounting Standard-21 on "Consolidated Financial Statements" (AS-21), and are prepared on the following basis:
- (i) The Financial Statements of the Company and its Subsidiaries are 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 inter-group balances and inter-group transactions including unrealized profits/ losses in period end assets, such as inventories, fixed assets etc. The difference between the Company's cost of investments in the Subsidiaries, over its portion of equity at the time of acquisition of shares is recognized in the Consolidated Financial Statements as Goodwill or Capital Reserve, as the case may be. Minority Interest's share in net profit/ loss of consolidated subsidiaries for the year is adjusted against the income of the Group in order to arrive at the net income attributable to equity shareholders of the Company. Minority Interest's share in net assets of consolidated subsidiaries is presented in the Consolidated Balance Sheet separate from liabilities and the equity of the Company's shareholders. Minority Interest in the Consolidated Financial Statements is identified and recognized after taking into consideration:
    - (1) The amount of equity attributable to minorities at the date on which investments in a subsidiary is made.
    - (2) The minorities' share of movement in equity since the date parent-subsidiary relationship came into existence.
    - (3) The losses attributable to the minorities are adjusted against the minority interest in the equity of the subsidiary.
    - (4) The excess of loss over the minority interest in the equity is adjusted against General Reserve of the Company.
  - (ii) In case of foreign subsidiaries, being non-integral foreign operations, revenue items are translated at the average rates prevailing during the period. Assets, liabilities and equity are translated at the closing rate. Any exchange difference arising on translation is recognized in the "Foreign Currency Translation Reserve".

#### (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) The Consolidated Financial Statements (CFS) comprise the Financial Statements of Polyplex Corporation Limited (PCL) and its wholly owned or controlled subsidiaries as on March 31, 2013, 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% (1)
Polyplex (Singapore) Pte. Limited (PSPL)	Singapore	100% (2)
Polyplex Europa Polyester Film Sanayi Ve Ticaret A.S. (PE)	Turkey	100% (3)
Polyplex (Americas) Inc. (PA) #	U.S.A.	90.12% (4)
Polyplex Trading (Shenzhen) Co. Limited (PTSL) @	China	100% (5)
PAR LLC (USA)	U.S.A.	100% (6)
Polyplex Resins Sanayi Ve Ticaret A.S, (PR)	Turkey	100% (7)
Polyplex America Holdings Inc. (PAH)	U.S.A.	100% (2)
Polyplex USA LLC (PU)	U.S.A.	100% (8)
Peninsula Beverages and Foods Company Private Limited (PBF)*	India	99.90% (9)
EcoBlue Limited (EcoBlue) ^	Thailand	80% (10)

- (1) Includes 145 (Previous Year 145) ordinary shares not registered in the name of the Company, beneficial interest being held by PCL and PAPL.
- (2) 100% subsidiary of PTL.
- (3) 100% subsidiary of PSPL. Includes 4 shares not registered in the name of the PSPL, beneficial interest being held by PSPL.
- (4) Upto 31st January, 2013, 80.24% shares being held by PTL and 9.88% shares being held by PCL.
- (5) 100% Subsidiary of PSPL.
- (6) 100% Subsidiary of PAPL.
- (7) 67% share held by PE and 33% share being held by PAPL.
- (8) 100% Subsidiary of PAH.
- (9) 99.90% share being held by PAPL.
- (10) 80% share being held by PTL.
- # merged with Polyplex USA LLC (PU) w.e.f. January 31, 2013.
- @ Audited till 31st December, 2012 and post that date there is no material Transaction.
- \* PAPL has acquired the 99.90% share of Peninsula Beverages and Foods Company Private Limited (PBF) as on February 6, 2013.
- ^ Incorporated as subsidiary of Polyplex (Thailand) Public Company Limited (PTL) on October 1, 2012.

- (d) Accounting Policies and Notes to Accounts of the Financial Statements of the Company and its Subsidiaries are set out in their respective Financial Statements.
- (e) The policy for depreciation for manufacturing unit 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 basis. 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 basis 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.

- (f) In case of PU, 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.

**(g) 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 1,349 at March 31, 2013) per year of employment at the rate of pay applicable at the date of retirement or termination.

**(h) Foreign Currency Transaction**

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

- (i) Certain policies such as depreciation, deferred charges, taxation, employees benefits & foreign currency transactions (as stated above) differ from those followed by the Holding Company, as at PTL (including subsidiaries) which represent material activities prepare and present Financial Statements as per the IFRS. The impact of the above differences in accounting policies has not been computed.

## NOTE 2

### SHARE CAPITAL

	As at March 31, 2013 (Rs. in Lacs)	As at March 31, 2012 (Rs. in Lacs)
<b>AUTHORISED</b>		
3,40,00,000 (Previous Year - 3,40,00,000) Equity Shares of Rs.10 each	3,400.00	3,400.00
<b>ISSUED AND SUBSCRIBED</b>		
3,31,80,300 (Previous Year - 3,31,80,300) Equity Shares of Rs.10 each	3,318.03	3,318.03
<b>ISSUED, SUBSCRIBED AND FULLY PAID-UP</b>		
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
<b>TOTAL</b>	<b>3,256.32</b>	<b>3,256.32</b>

### RECONCILIATION OF NUMBER OF SHARES

	No. of Shares	No. of Shares
Shares outstanding as at the beginning of the year	31,984,600	31,984,600
Additions during the year	—	—
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, 2013 No. of Shares	As at March 31, 2012 No. of Shares
Mahalaxmi Trading & Investment Co. Ltd.	7,622,390	7,622,390
Secure Investments Ltd.	5,535,744	5,535,744
IL & FS Trust Company Ltd.	2,701,887	344,594
ICICI Prudential (Tax Plan + Child Care Plan)	2,033,677	1,837,689
Mr. Ricky Ishwardas Kirpalani	1,590,206	1,604,663

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

2012-13	2011-12	2010-11	2009-10	2008-09
	—	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, 2013 (Rs. in Lacs)	As at March 31, 2012 (Rs. in Lacs)
<b>CAPITAL RESERVE</b>		
Central Investments Subsidy		
As per last Balance Sheet	85.00	25.00
Addition during the year	—	60.00
State Investment Subsidy	30.00	30.00
Share Warrants Forfeited	250.80	250.80
Others	58.36	58.36
<b>Sub Total (a)</b>	<b>424.16</b>	<b>424.16</b>
<b>SECURITIES PREMIUM RESERVE</b>		
As per last Balance Sheet	13,892.81	12,634.42
Add : Updation on Translation Adjustment	2,795.89	2,467.60
Less : Minority Interest	1,369.99	1,209.21
<b>Sub Total (b)</b>	<b>15,318.71</b>	<b>13,892.81</b>
<b>LEGAL RESERVE#</b>		
As per last Balance Sheet	1,585.68	1,412.82
Add : Updation on Translation Adjustment	195.85	172.86
<b>Sub Total (c)</b>	<b>1,781.53</b>	<b>1,585.68</b>
<b>GENERAL RESERVE</b>		
As per last Balance Sheet	4,907.20	4,147.20
Add : Transferred from Profit & Loss Statement	52.00	760.00
<b>Sub Total (d)</b>	<b>4,959.20</b>	<b>4,907.20</b>
<b>SURPLUS AS PER PROFIT &amp; LOSS STATEMENT</b>		
Surplus Brought Forward	150,378.22	143,226.72
Add : Profit as per Profit & Loss Statement	2,123.26	9,398.43
Less : Transferred to General Reserve	52.00	760.00
Add : Adjustment : Towards Cost of Control (Refer Note "27F")	(315.50)	—
Less : Proposed Dividend	959.54	1,279.38
Less : Corporate Dividend Tax - Proposed Dividend	—	207.55
<b>Sub Total (e)</b>	<b>151,805.44</b>	<b>150,378.22</b>
<b>FOREIGN EXCHANGE TRANSLATION RESERVE (Including arised on Consolidation)</b>		
As per last Balance Sheet	15,508.53	(4,414.29)
Addition during the year	5,239.90	17,398.91
Less : Minority Interest	(2,242.70)	(2,523.91)
<b>Sub Total (f)</b>	<b>22,991.13</b>	<b>15,508.53</b>
<b>TOTAL (a+b+c+d+e+f)</b>	<b>197,280.17</b>	<b>186,696.60</b>

# 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, 2013 (Rs. in Lacs)	As at March 31, 2012 (Rs. in Lacs)
<b>SECURED TERM LOANS FROM BANKS</b>		
Rupee Term Loan	3,775.00	6,675.00
Foreign Currency Term Loan	125,434.79	53,986.57
Other Loans	—	1.34
<b>Sub Total (a)</b>	<b>129,209.79</b>	<b>60,662.91</b>
<b>Less : Current Portion</b>		
Rupee Term Loan	2,900.00	2,900.00
Foreign Currency Term Loan	12,886.40	10,432.81
Other Loans	—	1.34
<b>Sub Total (b)</b>	<b>15,786.40</b>	<b>13,334.15</b>
<b>TOTAL (a-b)</b>	<b>113,423.39</b>	<b>47,328.76</b>

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, 2013 (Rs. in Lacs)	As at March 31, 2012 (Rs. in Lacs)
<b>DEFERRED TAX ASSETS</b>		
Disallowance as per Income Tax Act, 1961	(28.73)	(24.16)
<b>DEFERRED TAX LIABILITY</b>		
Disallowance on Account of Depreciation	1,317.57	1,304.55
<b>TOTAL</b>	<b>1,288.84</b>	<b>1,280.39</b>

## NOTE 6

### LONG TERM PROVISIONS

	Non-Current Amount		Current Amount	
	As at March 31, 2013 (Rs. in Lacs)	As at March 31, 2012 (Rs. in Lacs)	As at March 31, 2013 (Rs. in Lacs)	As at March 31, 2012 (Rs. in Lacs)
Provision for Retirement Benefits	377.59	219.62	10.99	11.49
<b>TOTAL</b>	<b>377.59</b>	<b>219.62</b>	<b>10.99</b>	<b>11.49</b>

## NOTE 7

### SHORT TERM BORROWINGS

	As at March 31, 2013 (Rs. in Lacs)	As at March 31, 2012 (Rs. in Lacs)
<b>SECURED LOANS</b>		
Loans from Banks repayable on Demand	26,622.01	8,193.75
Buyer's Credit	778.44	2,042.16
<b>Sub Total (a)</b>	<b>27,400.45</b>	<b>10,235.91</b>
<b>UNSECURED LOANS</b>		
Loans from Banks repayable on Demand	1,374.95	1,424.28
<b>Sub Total (b)</b>	<b>1,374.95</b>	<b>1,424.28</b>
<b>TOTAL (a+b)</b>	<b>28,775.40</b>	<b>11,660.19</b>

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, 2013 (Rs. in Lacs)	As at March 31, 2012 (Rs. in Lacs)
Current Maturity of Long Term Debt	15,786.40	13,334.15
Interest accrued but not due on borrowing	316.02	319.65
Unpaid Dividend	105.28	101.84
Other Security Deposits	157.88	106.58
Statutory liability	791.45	382.87
Advance from Customers	1,144.44	2.38
Other liabilities	8,209.75	5,783.48
<b>TOTAL</b>	<b>26,511.22</b>	<b>20,030.95</b>

## NOTE 9

### SHORT TERM PROVISIONS

	As at March 31, 2013 (Rs. in Lacs)	As at March 31, 2012 (Rs. in Lacs)
Provision for Wealth Tax	2.00	2.35
Provision for Tax	1.31	—
Provision for Retirement Benefits	10.99	11.48
Proposed Dividend	959.54	1,279.38
Corporate Dividend Tax	—	207.55
<b>TOTAL</b>	<b>973.84</b>	<b>1,500.76</b>

## NOTE 10

### FIXED ASSETS

(Rs. in Lacs)

Particulars	GROSS BLOCK				DEPRECIATION & AMORTISATION				NET BLOCK	
	As at April 01, 2012	Additions during the year	Sale/adjustments*	As at March 31, 2013	As at April 01, 2012	For the year	Sale/adjustments	As at March 31, 2013	As at March 31, 2013	As at March 31, 2012
<b>TANGIBLE ASSETS</b>										
Freehold Land	7,592.92	207.84	(511.12)	8,311.88	—	—	—	—	8,311.88	7,592.92
Leasehold Land	472.59	—	—	472.59	84.01	5.25	-	89.26	383.33	388.58
Buildings	31,141.81	504.69	(1,572.11)	33,218.61	5,343.78	1,411.88	(276.23)	7,031.89	26,186.72	25,798.03
Plant & Machinery	171,724.34	2,588.40	(8,161.69)	182,474.43	54,762.42	12,646.74	(2,783.70)	70,192.86	112,281.57	116,961.92
Electrical Installations	2,023.72	15.47	0.18	2,039.01	697.35	178.24	0.01	875.58	1,163.43	1,326.37
Furniture & Fixtures	1,540.95	300.22	112.00	1,729.17	955.06	315.24	141.46	1,128.84	600.33	585.89
Office Equipments	1,562.79	61.51	(44.86)	1,669.16	765.63	236.70	36.98	965.35	703.81	797.16
Vehicles	974.81	503.42	120.83	1,357.40	587.90	170.00	(5.20)	763.10	594.30	386.91
<b>TOTAL</b>	<b>217,033.93</b>	<b>4,181.55</b>	<b>(10,056.77)</b>	<b>231,272.25</b>	<b>63,196.15</b>	<b>14,964.05</b>	<b>(2,886.68)</b>	<b>81,046.88</b>	<b>150,225.37</b>	<b>153,837.78</b>
Previous Year	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
<b>INTANGIBLE ASSETS</b>										
Computer Software	235.64	30.73	(4.17)	270.54	162.30	31.35	3.39	190.26	80.28	73.34
<b>TOTAL</b>	<b>235.64</b>	<b>30.73</b>	<b>(4.17)</b>	<b>270.54</b>	<b>162.30</b>	<b>31.35</b>	<b>3.39</b>	<b>190.26</b>	<b>80.28</b>	<b>73.34</b>
Previous Year	151.76	72.11	(11.77)	235.64	33.13	69.12	(60.05)	162.30	73.34	118.63
<b>Grand Total - Current Year</b>	<b>217,269.57</b>	<b>4,212.28</b>	<b>(10,060.94)</b>	<b>231,542.79</b>	<b>63,358.45</b>	<b>14,995.40</b>	<b>(2,883.29)</b>	<b>81,237.14</b>	<b>150,305.65</b>	<b>153,911.12</b>
Grand Total - Previous 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

Note:

\* Sale/Adjustment includes adjustment of foreign exchange fluctuation gain of Rs.11,173.83 Lacs. (Previous Year gain of Rs.12471.91 Lacs)



## NOTE 11

### NON-CURRENT INVESTMENTS

(At Cost Less Provisions)

(Long Term Investment - Other than Trade)

	Face Value	As at March 31, 2013 No. of Shares	As at March 31, 2013 (Rs. in Lacs)	As at March 31, 2012 No. of Shares	As at March 31, 2012 (Rs. in Lacs)
<b>Unquoted - Equity/Ordinary Shares</b> (Fully Paid up unless otherwise stated)					
<b>INVESTMENT IN OTHER COMPANIES</b>					
Bhilangana Hydro Power Limited	Rs.10	25,000	2.50	25,000	2.50
<b>HELD-TO-MATURITY INVESTMENT</b>					
<b>INVESTMENT IN PROPERTY</b>					
Investment in Property			1,093.35		1,024.11
<b>TOTAL</b>			<b>5,775.37</b>		<b>1,026.61</b>

Note:

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

## NOTE 12

### LONG TERM LOANS AND ADVANCES

	As at March 31, 2013 (Rs. in Lacs)	As at March 31, 2012 (Rs. in Lacs)
Capital Advances to Vendors	1,889.11	7,905.46
Security Deposits	795.72	635.53
MAT Credit Entitlement	330.14	232.09
<b>TOTAL</b>	<b>3,014.97</b>	<b>8,773.08</b>

## NOTE 13

### OTHER NON-CURRENT ASSETS

	As at March 31, 2013 (Rs. in Lacs)	As at March 31, 2012 (Rs. in Lacs)
Export Incentives	0.49	0.73
Miscellaneous Expenditure (to the extent not written off)	146.47	49.84
<b>TOTAL</b>	<b>146.96</b>	<b>50.57</b>

## NOTE 14

### CURRENT INVESTMENTS

(Other than Trade)

Unquoted - Other than Shares)

	As at March 31, 2013 (Rs. in Lacs)	As at March 31, 2012 (Rs. in Lacs)
<b>MUTUAL FUNDS</b>		
Other Investment	2,065.71	1,880.00
<b>TOTAL</b>	<b>2,065.71</b>	<b>1,880.00</b>

## NOTE 15

### INVENTORIES

(as valued and certified by the Management)

(at lower of cost and net realisable value)

	As at March 31, 2013 (Rs. in Lacs)	As at March 31, 2012 (Rs. in Lacs)
Raw Materials (including Stock in Transit of Rs.1,076.38 Lacs, Previous Year – Rs 1,145.43 Lacs)	15,583.49	14,746.60
Stock in Process	6,395.18	5,150.94
Finished Goods (including Traded stock) (including Stock in Transit of Rs.4170.40 Lacs, Previous Year – Rs 3,260.60 Lacs)	15,799.90	13,836.70
Stores & Spares	5,427.55	3,816.79
<b>TOTAL</b>	<b>43,206.12</b>	<b>37,551.03</b>

## NOTE 16

### TRADE RECEIVABLES

(Unsecured, considered good unless otherwise stated)

	As at March 31, 2013 (Rs. in Lacs)	As at March 31, 2012 (Rs. in Lacs)
<b>DEBTS OUTSTANDING FOR A PERIOD EXCEEDING SIX MONTHS FROM THE DUE DATE</b>		
Considered Good	284.69	35.94
Considered Doubtful	84.16	63.79
Less: Provision for Doubtful Debts	(84.16)	(63.79)
<b>OTHER DEBTS</b>		
Unsecured, Considered Good	34,159.24	26,968.67
<b>TOTAL</b>	<b>34,443.93</b>	<b>27,004.61</b>

## NOTE 17

### CASH AND BANK BALANCES

	As at March 31, 2013 (Rs. in Lacs)	As at March 31, 2012 (Rs. in Lacs)
<b>CASH AND CASH EQUIVALENTS</b>		
Cash on Hand	57.03	51.38
Cheques in Hand	—	38.98
<b>BANK BALANCE WITH SCHEDULED BANKS</b>		
Current Accounts	815.75	859.23
Fixed Deposits with Origin Less Than Three Months	52.00	4,500.00
<b>BANK BALANCE WITH NON-SCHEDULED BANKS</b>		
Current Accounts	12,578.46	9,210.26
Fixed Deposits with Origin Less Than Three Months	16,554.90	20,426.36
<b>Sub Total (a)</b>	<b>30,058.14</b>	<b>35,086.21</b>
<b>EARMARKED BALANCES WITH BANKS</b>		
Unpaid Dividend Accounts	105.17	101.74
<b>Sub Total (b)</b>	<b>105.17</b>	<b>101.74</b>
<b>OTHER BANK BALANCES</b>		
Fixed Deposits (Pledged with Banks)	100.40	65.40
Fixed Deposits with Origin More Than Three Months	14,413.16	26,941.65
Fixed Deposits with Origin More Than One Year	45,279.09	38,208.68
<b>Sub Total (c)</b>	<b>59,792.65</b>	<b>65,215.73</b>
<b>TOTAL (a+b+c)</b>	<b>89,955.96</b>	<b>100,403.68</b>

## NOTE 18

### SHORT TERM LOANS AND ADVANCES

(Unsecured, considered good unless otherwise stated)

	As at March 31, 2013 (Rs. in Lacs)	As at March 31, 2012 (Rs. in Lacs)
Loans and Advances to Related Party	20.25	20.25
Advances to Vendors & others	7,885.06	7,712.13
Export Benefit Receivables	1,270.37	736.87
Prepaid Expenses	491.19	559.17
Intercorporate Deposit	2,600.00	1,000.00
Deposits with Government Authorities & Others	80.28	71.94
Advance Tax (Net of Provisions)	368.42	24.64
Balance with Customs & Excise	1,108.22	1,233.56
<b>TOTAL</b>	<b>13,823.79</b>	<b>11,358.56</b>

## NOTE 19

### OTHER CURRENT ASSETS

	As at March 31, 2013 (Rs. in Lacs)	As at March 31, 2012 (Rs. in Lacs)
Discarded Plant & Machinery held for Sale	105.64	106.09
Other Receivables	146.02	191.45
<b>TOTAL</b>	<b>251.66</b>	<b>297.54</b>

## NOTE 20

### REVENUE FROM OPERATIONS

	Current Year (Rs. in Lacs)	Previous Year (Rs. in Lacs)
<b>SALES</b>		
Plastic Film	247,926.22	242,210.92
Others	10,185.92	3,296.88
<b>Total</b>	<b>258,112.14</b>	<b>245,507.80</b>
Less: Excise Duty	4,992.86	3,931.16
<b>Net Sales</b>	<b>253,119.28</b>	<b>241,576.64</b>
<b>OTHER OPERATING INCOME</b>		
Liabilities written back	48.58	916.55
Provision for Doubtful Debts written back	4.71	10.00
Insurance claims received	296.95	89.39
Prior Period Income	16.73	—
<b>TOTAL</b>	<b>253,486.25</b>	<b>242,592.58</b>

## NOTE 21

### OTHER INCOME

	Current Year (Rs. in Lacs)	Previous Year (Rs. in Lacs)
Rental Income	226.34	225.61
Profit on Sale of Current Investments	37.79	128.47
Prior Period Income (Net)	—	2.17
Foreign Exchange Fluctuation (Net)	2,998.18	1,766.10
Interest Income	3,008.59	2,858.24
Profit on Sale of Fixed Assets	50.33	—
Miscellaneous Income	19.15	489.60
<b>TOTAL</b>	<b>6,340.38</b>	<b>5,470.19</b>

## NOTE 22

### COST OF MATERIAL CONSUMED

	Current Year (Rs. in Lacs)	Previous Year (Rs. in Lacs)
Raw Material	157,838.46	131,095.65
Packing Material	8,902.98	7,874.20
<b>TOTAL</b>	<b>166,741.44</b>	<b>138,969.85</b>

## NOTE 23

### CHANGES IN INVENTORY

	Current Year (Rs. in Lacs)	Previous Year (Rs. in Lacs)
<b>OPENING STOCK</b>		
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	568.72	469.96
	<b>18,670.02</b>	<b>23,534.35</b>
Add: Transfer from Preoperative Process	—	262.73
<b>CLOSING STOCKS</b>		
Finished Goods	15,760.47	13,519.07
Stock in Process - Others	3,982.44	2,999.12
Stock in Process - Chips	1,872.05	1,583.11
Stock in Process - Thermal Lamination	540.70	568.71
	<b>22,155.66</b>	<b>18,670.01</b>
Add : Increase / (Decrease) in Excise Duty on Stocks	5.74	(36.44)
<b>Net Changes in Inventory</b>	<b>(3,479.90)</b>	<b>5,090.63</b>

## NOTE 24

### EMPLOYEE BENEFITS EXPENSE

	Current Year (Rs. in Lacs)	Previous Year (Rs. in Lacs)
Salaries, Wages, Bonus etc	15,234.64	11,104.60
Contribution to Provident and other Funds	820.47	752.01
Staff Welfare Expenses	1,912.05	1,275.85
<b>TOTAL</b>	<b>17,967.16</b>	<b>13,132.46</b>

## NOTE 25

### FINANCE COSTS

	Current Year (Rs. in Lacs)	Previous Year (Rs. in Lacs)
Interest Expense	2,786.45	3,002.60
Other Borrowing Cost	447.19	381.27
<b>TOTAL</b>	<b>3,233.64</b>	<b>3,383.87</b>

## NOTE 26

### OTHER EXPENSES

	Current Year (Rs. in Lacs)	Previous Year (Rs. in Lacs)
<b>MANUFACTURING EXPENSES</b>		
Job Work Charges	7.02	0.27
Stores & Spares Consumed	5,710.97	3,641.89
Power & Fuel	16,757.82	14,390.14
Repairs and Maintenance		
– Building	136.99	120.32
– Plant & Machinery	1,686.03	1,115.78
<b>Sub Total (a)</b>	<b>24,298.83</b>	<b>19,268.40</b>
<b>ADMINISTRATIVE EXPENSES</b>		
Rent	477.69	284.18
Insurance	1,440.13	1,069.53
Directors' Commission	6.00	50.00
Directors' Sitting Fee	114.60	86.59
Other Administrative Expenses	8,999.37	6,225.71
<b>Sub Total (b)</b>	<b>11,037.79</b>	<b>7,716.01</b>
<b>SELLING EXPENSES</b>		
Freight	11,154.32	9,708.78
Other Selling Expenses	2,842.03	2,685.90
<b>Sub Total (c)</b>	<b>13,996.35</b>	<b>12,394.68</b>
<b>OTHER EXPENSES</b>		
Asset written off	43.83	48.14
Loss on Sale of Fixed Assets (Net)	—	2.85
Donation	6.35	18.62
Amortisation for Pre-operative Expenses	71.24	67.12
Bad Debts	147.71	18.69
Provision for Doubtful Debts	6.78	2.12
CSR	3.09	—
<b>Sub Total (d)</b>	<b>279.00</b>	<b>157.54</b>
<b>TOTAL (a+b+c+d)</b>	<b>49,611.97</b>	<b>39,536.63</b>

## 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. 1,889.11 Lacs, Previous Year - Rs. 7,905.45 Lacs) - Rs. 16,147.26 Lacs (Previous Year - Rs. 42,801.18 Lacs) as provided & certified by the Management.

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

a) Disputed matters under litigation:

(Rs. in Lacs)

Particulars	Current Year	Previous Year
Sales Tax & Entry Tax	179.03	238.87
Excise Duty & Customs Duty	29.14	29.14
Income Tax	73.54	73.54
Others	30.05	18.75

b) Bills discounted with banks Rs. 142.69 Lacs (Previous Year: Rs 871.86 Lacs).

c) (i) Custom duty saved amounting to Rs.2,469.66 Lacs (Previous Year - Rs.2,765.16 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.128.47 Lacs (Previous Year - Rs.162.43 Lacs) in respect of goods imported under advance license against

which export obligation is pending to be fulfilled.

d) Counter Guarantees given to/by the banks Rs.98,898.62 Lacs (Previous Year - Rs.32,346.52 Lacs) (utilised amount Rs.70,011.35 Lacs (Previous Year - Rs.32,346.52 Lacs) including Rs.2.00 Lacs (Previous Year - Rs.2.00 Lacs) on behalf of other bodies corporate.

e) Service Agreements

#### **Polyplex (Thailand) Public Company Limited**

As at March 31, 2013, the Company had commitments totalling Rs. 3,655.84 Lacs (Previous Year - Rs. 3,650.35 Lacs) under various service agreements. These agreements expire between April 2013 and September 2016.

#### **C. Polyplex (Thailand) Public Company Limited**

The Company has received promotional privileges from the Board of Investments 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. During the Year one of the subsidiary viz Polyplex USA LLC, USA has acquired the metalize division (Fixed Assets & Other Assets) for the total consideration of Rs. 3,443.37 Lacs.



- 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	2,34,21,021	12,740.87	1,99,57,443	10,211.52
	EUR	1,45,87,210	10,137.79	1,72,39,430	11,783.20
	JPY	63,00,00,000	3,701.88	84,00,00,000	5,328.12
Loans - Short Term	USD	54,01,590	2,938.43	68,42,161	3,500.89
	EUR	4,36,219	303.41	—	—
Trade Receivables	USD	55,76,494	3,032.16	34,30,359	1,723.52
	EUR	9,57,128	665.53	7,29,990	476.92
Trade Payables	USD	2,21,404	120.51	2,41,767	121.48
	EUR	60,581	42.14	3,59,132	237.18
	GBP	8,61,800	5.06	—	—
Other Liabilities	USD	1,98,293	107.06	1,03,632	51.09
	EUR	1,416	1.00	—	—

**PENINSULA BEVERAGES & FOODS COMPANY PRIVATE LIMITED**

Particulars	Document Currency	Current Year		Previous Year	
		Amount (Fx)	Amount (Rs. Lacs)	Amount (Fx)	Amount (Rs. Lacs)
Loans & Advances	USD	1,26,321	68.71	—	—

- (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	2,80,000	USD/INR	USD	43,822
Forward Contracts	INR/USD	USD	—	INR/USD	USD	21,67,257
Forward Contracts	USD/JPY	JPY	—	USD/JPY	JPY	3,34,00,000
SWAP Deal	USD/JPY	USD	60,00,000	USD/JPY	USD	80,00,000

**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	20,80,000	Baht/USD	USD	16,20,000
	USD/Baht	USD	1,93,90,000	USD/Baht	USD	1,89,80,000
	Baht/CHF	Swiss Franc	3,00,000	Baht/CHF	Swiss Franc	13,50,000
	Baht/Euro	Euro	5,70,000	Baht/Euro	Euro	6,80,000
	Euro/Baht	Euro	10,90,000	Euro/Baht	Euro	23,50,000
	JPY/Baht	Japanese Yen	6,00,60,000	JPY/Baht	Japanese Yen	3,59,70,000
	USD/TL	Turkish Lira	35,00,000	USD/TL	Turkish Lia	17,00,000
	Euro/TL	Turkish Lira	5,00,000	Euro/TL	Turkish Lira	—
	USD/Euro	Euro	—	USD/Euro	Euro	10,00,000

(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, Loss (net) of Rs.36.81 Lacs (Previous Year – Gain (net) of Rs.377.96 Lacs) on foreign exchange derivatives taken for payments to suppliers of imported capital goods and Gain (net) of Rs.0.56 Lacs (Previous Year – Loss (net) of Rs.43.01 Lacs) on mark-to-market on outstanding derivatives as on March 31, 2013 has been capitalized / shown as part of pre-operative expenses based on expert opinion, as the same is attributable to the fixed assets.

(iv) Polyplex Corporation Limited: Hitherto Gain/Loss on cancellation of Foreign Exchange derivatives contracts like structured options, forward and swap to hedge interest /principal and attributable to fixed assets was treated as cost of the asset. During the year the same has been recognized in the Profit & Loss Statement. This change has no material impact on the profit of the year.

F. Goodwill on consolidation includes Rs. 376.57 Lacs arising on account of equity acquisition of EcoBlue Limited and Peninsula Beverages and Foods Company Private Limited which is netted off with Capital reserve to the extent of Rs. 47.02 Lacs generated on account of acquisition of non controlling stake into PA by PTL.

G. Pursuant to the group restructuring, PAPL has disinvested 67% of its stake in PR which is acquired by PE. Further, during the year, PTL has acquired non controlling stake into PA, which has been subsequently merged into PU.

H. (a) During the Previous Year, Polyplex Corporation Limited (PCL) had 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. Accordingly, the Company has recorded an additional depreciation because of this change amounting to Rs 7,078.80 Lacs (Rupees Seven Thousand Seventy Eight Lacs and Eighty Thousand) related to earlier years which has been disclosed as an exceptional item.

(b) Further, during the Previous Year, Polyplex (Thailand) Public Company Limited (PTL) received Baht 1,045.6 million from the

redemption of EUR 26.1 million of the preference shares of Polyplex (Singapore) Pte. Ltd. (PSPL). This redemption resulted in loss on exchange rate amounting to Baht 253.3 million (Rs. 3,966.98 Lacs) which has been disclosed as an exceptional item.

## 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)	19.17	17.79
Minimum Lease Payments		
– Not later than one year	18.23	18.23
– Later than one year but not later than five year	3.19	22.49
– 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, 2013 are as follows:

(Rs. in Lacs)

Payables within	Current Year	Previous Year
Not later than one year	149.44	79.23
Later than one year but not later than five year	113.53	79.86
<b>Total</b>	<b>262.97</b>	<b>159.09</b>

## J. Geographical Segment :

Information about Geographical Segment:

- Revenues inside India includes sales to customers located within India.
- Revenues outside India include sales to customers located outside India.

(Rs. in Lacs)

Sl. No.	Information about Geographical Segments (by location of customer and assets)	India	Outside India	Total
1	External Revenue - Sales & Other Income	68,769.23 (64,001.00)	1,91,057.40 (1,84,817.49)	2,59,826.63 (2,48,818.49)
2	Carrying Amount of Segment Assets by location of assets	81,590.11 (84,384.01)	2,59,142.48 (2,49,710.60)	3,40,732.59 (3,34,094.61)
3	Capital Expenditure	2,710.41 (12,312.38)	1,01,617.90 (14,766.86)	1,04,328.31 (27,079.24)

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)	2,123.26	9,398.43
Weighted Average number of Equity Shares considered as Denominator for calculation of Basic EPS	(Nos.)	3,19,84,600	3,19,84,600
Weighted Average number of Equity Shares considered as Denominator for calculation of Diluted EPS	(Nos.)	3,19,84,600	3,19,84,600
Basic EPS	(Rs.)	6.64	29.38
Diluted EPS	(Rs.)	6.64	29.38

#### 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) Upto October 31, 2012

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
- Manupatra Publishing Private Limited
- Altivulus Infotech Private Limited
- Dalhousie Villa Private Limited
- Bhilangana Hydro Power Limited
- Peninsula Beverages and Foods Company Private Limited. (Upto February 5, 2013).

**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 (27.00)	6.10 (6.00)	33.10 (33.00)
Sale of Material/Services	— (—)	— (—)	61.50 (68.99)	61.50 (68.99)
Managerial Remuneration	312.22 (481.77)	— (—)	— (—)	312.22 (481.77)
Commission to Director	6.00 (50.00)	— (—)	— (—)	6.00 (50.00)
Director's Sitting Fees	2.20 (1.20)	— (—)	— (—)	2.20 (1.20)
Advance given during the year	— (—)	— (—)	196.71 (—)	196.71 (—)
<b>Outstanding at year end</b>				
Receivables	— (—)	20.25 (20.25)	— (34.93)	20.25 (55.18)
Payables	6.00 (50.00)	— (—)	— (—)	6.00 (50.00)
Investment in Equity/ Preference Shares	— (—)	— (—)	2.50 (2.50)	2.50 (2.50)

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
<b>Purchase of Material/ Services</b>		
— Dalhousie Villa Private Limited	6.10 (6.00)	— —
— Smt. Ritu Kothari	— —	27.00 (27.00)
<b>Advances given during the Year</b>		
— Peninsula Beverages and Foods Company Private Limited	196.71 —	— —
<b>Sale of Material &amp; Services</b>		
— Beehive Systems Private Limited	36.00 (42.98)	— —
— Manupatra Information Solutions Private Limited	17.80 (18.13)	— —
<b>Payment to Key Managerial Personnel</b>		
— Shri Sanjiv Saraf	28.66 (149.83)	— —
— Shri Pranay Kothari*	142.63 (172.33)	— —
— Shri Ranjit Singh**	146.93 (209.61)	— —

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

\* Subject to Special Resolution in General Meeting and approval from Ministry of Corporate Affairs for Financial Year 2012-13.

\*\* Subject to Special Resolution in General Meeting for Financial Year 2012-13.

**M.** Remuneration paid to Shri Pranay Kothari and Shri Ranjit Singh, Whole Time Directors' amounting to Rs.289.57 Lacs is subject to the approval of the members by way of Special Resolution in the ensuing General Meeting, which includes Rs.142.63 Lacs in respect of Shri Pranay Kothari, Whole Time Director for which application for approval of the Ministry of Corporate Affairs, Government of India will be made in due course.

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

**O.** 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

**Manish Gupta**  
Chief Financial Officer

**A.K. Gurnani**  
Company Secretary

Place : New Delhi  
Date : May 30, 2013

Signatures to Notes 1 to 27

**Jitender Balakrishnan**  
**Sanjiv Chadha**  
**Ravi Kumar**  
**B.K. Soni**  
**Suresh I. Surana**  
Directors

**Sanjiv Saraf**  
Chairman






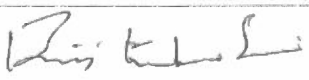


**Pranay Kothari**  
Executive Director

Place : NOIDA  
Date : May 30, 2013

**FORM A**

(pursuant to Clause 31 of the Listing Agreement)

Format of covering letter of the annual audit report to be filed with the Stock Exchange

1.	Name of the Company	POLYPLEX CORPORATION LIMITED
2.	Annual Financial Statements for the year ended	March 31, 2013
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	N.A.
5.	Signed by:	
	CEO/Managing Director	  Pranay Kothari Executive Director 2.9.2013
	CFO	  Manish Gupta Chief Financial Officer 2.9.2013
	Audit Committee Chairman	  Brij Kishore Soni Chairman – Audit Committee 2.9.2013
	Auditor of the Company	  N.K. LODHA & CO. Chartered Accountants Firm Reg. No. 301051E (N.K. LODHA) Partner M. No. 85155 2-9-2013 Statutory Auditors