

Directors' Report

Your Directors have pleasure in submitting the Thirty-third Annual Report together with Audited Standalone and Consolidated Financial Statements for the year ended March 31, 2018.

Financial Highlights and Operations

During the year working results of the Company were as under:

a) Standalone Working Results

Particulars	(₹ in Lacs)	
	2017-18	2016-17
Total Income (Net of Excise Duty)	115,265.77	99,376.02
Profit before Finance Cost, Depreciation and Amortization and Tax and Exceptional Items	14,270.54	12,721.05
Less : Finance Costs	1,584.34	1,903.15
Less : Depreciation and Amortization	4,750.96	5,277.47
Profit before Tax and Exceptional Item	7,935.24	5,540.43
Less: Exceptional Item – (Gain)/ Loss	0	0
Profit before tax but after exceptional item	7,935.24	5,540.43
Less/(Add):Tax expense and prior period adjustment	2,045.48	967.97
Profit after Tax (PAT)	5,889.76	4,572.46
Other Comprehensive Income	24.41	-24.78
Total Comprehensive Income for the period	5,914.17	4,547.68
Appropriations:		
Transfer to General Reserve	100.00	100.00
Interim Dividend paid during the year	1,599.23	959.54
Second Interim Dividend (Special)	9,595.38	0
Final Dividend Proposed	1,599.23	1,279.38

b) Consolidated Working Results:

Particulars	(₹ in Lacs)	
	2017-18	2016-17
Total Income (Net of Excise Duty)	361,650.93	332,176.63
Profit before Finance Cost, Depreciation and Amortization and Tax and Exceptional Items	53,833.82	56,348.06
Less : Finance Costs	3,943.16	4,701.66
Less : Depreciation and Amortization	18,501.03	19,662.61
Profit before Tax and Exceptional Item	31,389.63	31,983.79
Less: Exceptional Item – (Gain)/ Loss	0	-5,627.95
Profit before tax but after exceptional item	31,389.63	37,611.74
Less/(Add):Tax expense and prior period adjustment	2,977.91	1,473.09
Profit after Tax (PAT)	28,411.72	36,138.65
Other Comprehensive Income	22,835.86	-13,549.98
Total Comprehensive Income	51,247.58	22,588.67
Total Comprehensive Income attributable to owner of the parent	27,464.67	14,735.19
Total Comprehensive Income attributable to Non-Controlling Interest	23,782.91	7,853.48
Earnings Per Share (of ₹ 10/- Each) (₹) (Basic & Diluted)	49.85	72.44

Year in Retrospect

During the year under review, Company earned total income of ₹ 116,835.93 Lacs as compared to ₹ 104,384.09 Lacs during the preceding year, on Standalone basis, including income by way of dividend from subsidiary(ies) amounting to ₹ 4,513.94 Lacs (Previous Year ₹ 2,024.18 Lacs). Profit before Tax improved to ₹ 7,935.24 Lacs as compared to ₹ 5,540.43 Lacs. Profit after Tax for the year was at ₹ 5,889.76 Lacs as compared to ₹ 4,572.46 Lacs during the preceding year.

During the year under review, Company earned total income of ₹ 363,221.09 Lacs as compared to ₹ 337,184.70 Lacs during the preceding year on consolidated basis. Profit before tax was ₹ 31,389.63 Lacs as compared to ₹ 37,611.74 Lacs. Profit after Tax and before Minority Interest was ₹ 28,411.72 Lacs as compared to ₹ 36,138.65 Lacs in the preceding year.

Further details on operations are discussed in Management Discussion & Analysis Report.

Transfer to Reserves and Dividend

A sum of ₹ 100 Lacs from the current year's profit has been transferred to General Reserves.

Board of Directors have declared and paid an Interim dividend at the rate of ₹ 5.00 per share (Record Date : November 23, 2017) and Second Interim dividend (Special) at the rate of ₹ 30.00 per share (Record Date : June 8, 2018).

Your Board of Directors have proposed payment of Final Dividend at the rate of ₹ 5.00 per share, which would be paid after its declaration by the members at the ensuing Annual General Meeting.

Changes in the nature of business, if any

There is no change in the nature of business of your company during the year under review.

Material Changes and Commitments

No material changes and commitments affecting the financial position of your Company have occurred between the end of the Financial Year of the company to which Financial Statements relate and on the date of this report.

Management Discussion and Analysis Report

As required by Regulation 34 read with Para B of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 {SEBI (LODR) Regulations, 2015}, a detailed 'Management Discussion and Analysis Report' (MDA) is attached in a separate section forming part of the Annual Report.

More details on operations and a view on the outlook for the current year are also given in the 'Management Discussion and Analysis Report'.

Subsidiary Companies

During the year Company had following subsidiaries/ step-down subsidiaries whose performance are included in the Consolidated Financial Statements viz. Polyplex (Thailand) Public Company Limited, Thailand, PT Polyplex Films Indonesia, Indonesia, Polyplex Trading (Shenzhen) Co. Ltd., China, EcoBlue Limited, Thailand, Polyplex (Asia) Pte. Ltd., Singapore, Polyplex (Singapore) Pte. Ltd., Singapore, Polyplex Europa Polyester Film Sanayi Ve Ticaret Anonim Sirketi, Turkey, Polyplex Paketleme Cozumleri Sanayi Ve Tickaret Anonim Sirketi, Turkey, Polyplex Europe B.V., Netherlands, PAR LLC., USA, Polyplex America Holdings Inc., USA and Polyplex USA LLC., USA.

As required by Section 129 of the Companies Act, 2013, ('the Act') and other applicable laws Consolidated Financial Statements of the Company and its subsidiaries are prepared in accordance with applicable Accounting Standard(s) issued by Institute of Chartered Accountants of India (ICAI), form part of the Annual Report.

Highlights of performance of Subsidiary Companies and their contribution to the overall performance of the Company during the period under report are discussed in MDA and Form AOC-I, which forms part of the Annual Report.

Financial Statements of the subsidiary companies will be made available on request

Particulars of Loans, Guarantees and Investments

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Act are given in the respective notes attached to Financial Statements.

Deposits from public

The Company has not accepted any deposits from public during the Financial Year 2017-18. There were no unclaimed deposits as at March 31, 2018.

Directors' Responsibility Statement

As required under Section 134(3)(c) of the Act, in relation to the Financial Statements for the Financial Year 2017-18, the Board of Directors state that : -

- i) In the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures;
- 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, 2018 and of the profit of the Company for the year ended on March 31, 2018;
- 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, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- iv) Annual accounts have been prepared on a 'going concern' basis;
- v) The Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- vi) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

Directors and Key Managerial Personnel

Independent Directors and Declaration by Independent Directors

During the year, five Independent Directors viz. Mr. Brij Kishore Soni, Mr. Jitender Balakrishnan, Dr. Suresh Inderchand Surana, Ms. Pooja Haldea and Mr. Ranjit Singh served on the Board of the Company.

Dr. Suresh Inderchand Surana resigned from the Board of the Company w.e.f. June 11, 2018 due his personal professional commitments. Your Board of Directors place on record their appreciation for the services rendered by Dr. Surana during his tenure on the Board/ Committees of the Board.

All the Independent Directors have given the requisite declaration that they meet the criteria of independence as prescribed under the Act and SEBI (LODR) Regulations, 2015.

Non-Independent Directors and Directors Retiring by Rotation

During the year following Non-Independent Directors (including one Whole Time Director) served on the Board viz. Mr. Sanjiv Saraf, Mr. Sanjiv Chadha, and Mr. Pranay Kothari (Whole Time Director).

Mr. Sanjiv Chadha retires by rotation at the ensuing Annual General Meeting and being eligible, has offered himself for re-appointment.

Key Managerial Personnel

Pursuant to the provisions of Section 203 of the Act, Mr. Pranay Kothari, Whole Time Director, Mr. Manish Gupta, Chief Financial Officer and Mr. Ashok Kumar Gurnani, Company Secretary are the Key Managerial Personnel of the Company.

Number of meetings of the Board

During the Financial Year 2017-18, five meetings of the Board were held and the gap between two consecutive meetings was not more than 120 days. Details about the attendance at these meetings are given in the Corporate Governance Report attached.

A separate meeting of the Independent Directors was held on July 25, 2017 and on August 14, 2018, without the attendance of non-independent directors and members of management pursuant to the provisions of Code for Independent Directors prescribed in Schedule IV of the Act.

Policy on Directors Appointment and Remuneration

The Nomination and Remuneration Committee (NRC) constituted by the Board of Directors has laid down the criteria and process of identification/ appointment of Directors and payment of remuneration. These include possession of requisite qualification, experience, ethics, integrity and values, absence of conflict with present or potential business operations of the company, balanced and maturity of judgement, willingness to devote sufficient time and energy, high level of leadership, vision and ability to articulate a clear direction for an organisation.

While selecting or recommending appointment of any Director, NRC shall have regard to the total strength of the Board prescribed under the Articles of Association and the Act, composition of the Board with respect to Executive and Non-Executive Directors and Independent and Non-Independent Directors and gender diversity.

Appointment of Independent Directors must satisfy the criteria laid down under the Act and Listing and other Regulations.

Components of remuneration for Executive Directors would include normal Salary structure including perquisites as applicable to senior employees as per policies / schemes of the company. The appointment and overall remuneration as far as possible be within the statutory ceilings and subject to requisite approvals of the Members of the Company and Central Government, if required.

Non-executive directors would be entitled to payment of sitting fee for attending a meeting of the Board or Committee thereof of such amount as may be approved by the Board of Directors keeping in view the ceiling prescribed under the Act or Rules framed there under. Further, Non-executive directors may also be paid commission up to 1% of the Net Profits of the Company subject to requisite approval of the Board and Members.

Board, Committees and Directors Evaluation

The Board of Directors has carried out an annual evaluation of the performance of the Board, Board committees and individual directors pursuant to the provisions of the Act and the Corporate Governance requirements prescribed under SEBI (LODR) Regulations, 2015.

The performance of the Board and Committees was evaluated by the Board after seeking inputs from all the directors on the basis of following criteria:

- a) Degree of achievement of key responsibilities.
- b) Structure and Composition.
- c) Establishment and delineation of responsibilities to Committees.
- d) Effectiveness of Board processes, information and functioning.
- e) Board culture and dynamics.
- f) Quality of relationship between Board and Management.
- g) Efficacy of communication with external stakeholders.

The performance of individual directors was evaluated on following criteria:

- a) Participation at Board/ Committee Meetings.
- b) Knowledge and Skill.
- c) Managing Relationships.
- d) Personal Attributes.

Independent Directors of the Company in a separate meeting reviewed the performance of non-independent directors and the Board as a whole and as also the performance of Chairperson of the Company.

Managerial Remuneration

Disclosures pertaining to Managerial Remuneration and other details as required under Section 197(12) of the Act read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given in the Annexure A and B as also in the Corporate Governance Report.

Board Committees

Pursuant to the requirements under the Act and SEBI (LODR) Regulations, 2015, the Board of Directors have constituted various committees of Board such as Audit Committee, Nomination and Remuneration Committee, Stakeholder's Relationship Committee and Corporate Social Responsibility Committee. The details of composition and terms of reference of these committees are mentioned in the Corporate Governance Report.

Audit Committee

The Audit Committee comprised of Mr. Brij Kishore Soni, Independent Director (Chairman), Dr. Suresh Inderchand Surana, Ms. Pooja Haldea and Mr. Jitender Balakrishnan, Independent Directors.

Mr. Suresh Inderchand Surana ceased to be member of Audit Committee w.e.f. June 11, 2018 upon his resigning from the Board.

The details of the number of meetings held and attendance of members thereof are provided in detail in the Corporate Governance report.

The Board of Directors has accepted all the recommendations of the Audit Committee.

Corporate Social Responsibility (CSR) Initiatives

The Board of Directors has constituted a CSR Committee comprising of Mr. Sanjiv Saraf (Chairman), Mr. Brij Kishore Soni and Dr. Suresh Inderchand Surana and formulated CSR Policy of the Company. In compliance with the requirements of Companies Act and Listing Regulations.

Dr. Suresh Inderchand Surana ceased to be member of the Committee w.e.f. June 11, 2018, upon his resigning from the Board.

Corporate Social Responsibility Report pursuant to Section 134(3) (o) of the Act and Rule 9 of Companies (Corporate Social Responsibility Policy) Rules, 2014 forms part of this Report and is marked as Annexure C.

The details of the number of meetings held and attendance of members thereof are provided in detail in the Corporate Governance Report attached.

Corporate Governance

Corporate Governance Report forms part of this Annual Report. Certificate of the Auditors regarding compliance with the conditions of Corporate Governance as stipulated in SEBI (LODR) Regulations, 2015 is attached.

Whistle Blower Policy – Vigil Mechanism

The Company has formulated Whistle Blower Policy in line with the provisions of sub-section 9 and 10 of Section 177 of the Act and SEBI (LODR) Regulations, 2015. This Policy establishes a vigil mechanism for Directors and employees to report genuine concerns regarding unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct.

A copy of the Policy is available on the website of the Company at www.polyplex.com.

Auditors

Statutory Auditors

In accordance with the provisions of the Companies Act, 2013 and Rules made there under S S Kothari Mehta & Co., Chartered Accountants (Firm Registration No. 000756N) were appointed as Statutory Auditors of the Company for a term of five years from the conclusion of 32nd Annual General Meeting held on September 11, 2017 until the conclusion of 37th Annual General Meeting.

The Auditors Report on the Financial Statements of the Company for the Financial Year 2017-18 to the Members is part of Annual Report. There are no qualifications, reservations or adverse remarks or disclaimers requiring any explanation in their report.

Internal Auditors

The Board of Directors on the recommendations of the Audit Committee have reappointed M/s. Jain Pramod Jain & Co., Chartered Accountants as the Internal Auditors of the Company for the Financial Year 2018-19.

Cost Auditors

The Board of Directors on the recommendations of the Audit Committee have reappointed M/s. Sanjay Gupta & Associates, Cost Accountants (Firm Registration No. 000212) as Cost Auditors to audit the Cost Records of the Company for the Financial Year 2018-19. In terms of Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditor is required to be ratified by the Members.

Accordingly, a resolution seeking ratification of the remuneration payable to the said Auditors has been included in the Notice convening the ensuing Annual General Meeting.

Secretarial Auditors

The Board of Directors on the recommendations of the Audit Committee have reappointed M/s. R S M & Co., Company Secretaries, New Delhi, as Secretarial Auditors of the Company for the Financial Year 2017-18 pursuant to the provisions of Section 204 of the Act and Rules made there under. Secretarial Audit Report received from them is annexed herewith and marked as Annexure D.

There are no qualifications or observations or other remarks in the Secretarial Audit Report.

Other Statutory Information

Details relating to conservation of energy, technology absorption, foreign exchange earnings and outgo prescribed under Section 134(3) (m) of the Act read with Companies (Accounts) Rules, 2014 are given in Annexure E .

Particulars of employees required to be furnished pursuant to Section 197(12) of the Companies Act, 2013, read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are given in Annexure A and B.

Extract of Annual Return

An extract of the Annual Return in Form MGT-9 is given in Annexure F. This is also being posted on Company's website www.polyplex.com.

Related Party Transactions

None of the transactions with any of related parties were in conflict with the Company's interest. Prescribed disclosure as required by the Accounting Standard (AS) 18 has been made in the notes to the Financial Statements. All related party transactions are negotiated on an arms-length basis and are in the ordinary course of business. Therefore, the provisions of Section 188(1) of the Act are not applicable to such transactions.

The Related Party Transactions Policy as approved by the Board is available on the website of the Company at www.polyplex.com.

Risk Management

A detailed note has been provided under the Management Discussion and Analysis Report.

Internal Financial Control

The Company has laid down well defined and documented Internal Financial Controls. The Company has an overall framework for managing the risks in terms of the Enterprise Risk Management Policy. In the opinion of Board Internal Financial

Controls affecting the financial statements are adequate and are operating effectively.

Significant and material orders

There are no significant and material orders passed by the regulators or courts or tribunals during the year impacting the going concern status and Company's operations in future.

Human Resources

Your Company is committed towards creation of opportunities for its employees that help attract, retain and develop a diverse workforce. Your Company lays due importance to conducive work culture for its employees.

To reinforce core values and belief of the Company, various policies for employees' empowerment have been framed to enrich their professional, personal and social life. In addition to above, Company has also laid down Code of Conduct for Directors and Senior Management Personnel and Whistle Blower Policy.

Company has also laid down a Policy under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. During the year no complaint was filed pursuant to the said Policy/Act.

Listing of Shares and Depository System

Your Company's equity shares are listed on the BSE Ltd. and the National Stock Exchange of India Ltd.

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 dematerialized by opening an account with one of the Depository Participants.

Shareholders are advised to get their physical shares dematerialized at the earliest and update their Income Tax Permanent Account Number and Bank details in the records of the Company by furnishing the requisite information either to the Company or its Registrar and Transfer Agent, if not already updated.

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, Bankers and the Auditors of 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

Sd/-
Sanjiv Saraf
Chairman

Place : Noida
Date : August 14, 2018