

## THE REPORT ON CORPORATE GOVERNANCE

### 1) Company's philosophy on Corporate Governance

Polar's philosophy on Corporate Governance envisages the attainment of transparency, accountability and equity, in all facets of its operations, and in all its interactions with its stakeholders, including shareholders, employees and lenders.

Polar believes that all its operations and actions must serve the underlying goal of enhancing overall shareholder value, over a sustained period of time.

### 2) Board of Directors

The composition of the board of directors of the Company as given below meets the stipulated requirements.

Name	Category	Independent Director	Designation	Attendance in Board Meeting		Attendance In last AGM	Other Board		
				Held	Attended		Directorship	Committee Membership (including Chairmanship)	Committee Chairman
1. Mr. Anil Agarwal	PD	No	CMD	4	4	No	9	5	0
2. Mr. Amalendu Ray (a)	NPD	Yes	ND	2	1	No	N.A.	N.A.	N.A.
3. Mr. A.K. Sharma	NPD	Yes	ND	4	4	No	1	2	0
4. Mr. B.D. Basu (b)	NPD	Yes	ND	2	0	No	N.A.	N.A.	N.A.
5. Mr. K.P. Bhattacharya	NPD	No	WTD	4	0	No	0	0	0
6. Mr. M.K. Rustagi	NPD	No	WTD	4	3	No	5	0	0
7. Mr. N.G. Khaitan	NPD	Yes	NED	4	0	No	16	10	3
8. Mr. O.P. Shroff	NPD	Yes	NED	4	3	Yes	4	0	0
9. Mr. Sunil Agarwal	PD	No	NED	4	1	Yes	2	1	1
10. Mrs.S.D.Chaudhuri (c)	NPD	Yes	ND	2	1	No	N.A.	N.A.	N.A.
11. Dr. S.D. Nanda (d)	NPD	Yes	ND	0	0	N.A.	2	1	0

(a) upto 29/07/2004

(c) appointed w.e.f. 30/10/2004 upto 09/03/2005

(b) upto 30/10/2004

(d) appointed w.e.f. 09/03/2005

PD = Promoter Director, NPD = Non Promoter Director, CMD = Chairman & Managing Director, NED = Non Executive Director, ND = Nominee Director, WTD = Whole Time Director

During the year, four board meetings were held on 17.05.2004, 29.07.2004, 30.10.2004 and 28.01.2005. The maximum time gap between any two meetings did not exceed three calendar months.

The details of directors seeking reappointment in the Annual General Meeting to be held on 30.09.2005 are as follows:

<b>Name of the Director</b>	<b>Mr. N.G. Khaitan</b>	<b>Mr. M.K. Rustagi</b>
Date of Birth	21.05.1951	01.09.1960
Date of Appointment	16.12.1983	17.11.1997
Expertise in specific functional areas	Advocate	Corporate Finance, Accounts & Law
Qualifications	Attorney-at-Law	FCA, FCS, AICWA
List of outside Directorship held	<p><u>Public Limited Companies:</u></p> <ol style="list-style-type: none"> <li>1. Chase Bright Steel Ltd.</li> <li>2. DPIL Ltd.</li> <li>3. Gobind Sugar Mills Ltd.</li> <li>4. Hindustan Sanitaryware &amp; Industries Ltd.</li> <li>5. JK Corp Limited</li> <li>6. Kesoram Textile Mills Ltd.</li> <li>7. Mangalam Timber Products Ltd.</li> <li>8. Mangalam Cement Ltd.</li> <li>9. Naga Dhunseri Group Ltd.</li> <li>10. Polar Pharma India Ltd.</li> <li>11. Reliance Chemotex Industries Ltd.</li> <li>12. Rasoi Ltd.</li> </ol> <p><u>Private Limited Companies:</u></p> <ol style="list-style-type: none"> <li>1. Kumar Holdings (P) Ltd.</li> <li>2. Rowdon Business (P) Ltd.</li> <li>3. Xenix Servis (P) Ltd.</li> <li>4. CD Equi Search (P) Ltd.</li> </ol>	<p><u>Public Limited Companies:</u></p> <ol style="list-style-type: none"> <li>1. Tatva Biosis Ltd.</li> <li>2. Sheffield Appliances Ltd.</li> </ol> <p><u>Private Limited Companies:</u></p> <ol style="list-style-type: none"> <li>1. Ashna Technologies (P) Ltd.</li> <li>2. Arunima Investment (P) Ltd.</li> <li>3. Nova Wood (P) Ltd.</li> </ol>

### 3. **Audit Committee**

The Composition of the Committee meets the stipulated requirements.

Terms of reference of the Audit Committee are as per the guidelines set out in the Listing Agreement with the Stock Exchanges that interalia include overseeing financial reporting processes, reviewing with the management the financial statements and adequacy of internal control systems, reviewing the adequacy of internal audit function and discussion with Internal Auditors on any significant findings.

During the year, four committee meetings were held on 17.05.2004, 29.07.2004, 30.10.2004 and 28.01.2005 and the details of attendance in the meetings are as follows:

<b>Name</b>	<b>No. of Meetings</b>	
	<b>Held</b>	<b>Attended</b>
1. Mr. O.P. Shroff, Chairman	4	4
2. Mr. Sunil Agarwal	4	1
3. Mr. Amalendu Ray (a)	2	1
4. Mr. A.K. Sharma	4	4

a) upto 29.07.2004

#### 4. Remuneration Committee

The remuneration policy of the Company for managerial personnel is decided by the Remuneration Committee on the basis of track record, potential and performance of individual managers.

During the year, the remuneration committee meeting held on 17.05.2004 the details of attendance in the meetings are as follows:-

Name	No. of Meetings	
	Held	Attended
1. Mr. A.K. Sharma, Chairman	1	1
2. Mr. O.P. Shroff	1	1
3. Mr. Sunil Agarwal	1	1

The details of remuneration paid to Executive Directors during the year ended 31.03.2005 are as follows: -

Particulars	Name of Directors			Total
	Mr. Anil Agarwal	Mr. M.K. Rustagi	Mr. K.P. Bhattacharya	
Salary (net of recovery)	13,50,000	6,01,200	2,35,200	21,86,400
Medical Reimbursement	38,071	66,628	21,000	1,25,699
Rent/HRA	(55,200)	3,60,720	94,080	3,99,600
Employer's contribution to Provident & other Funds	1,62,000	72,144	31,208	2,65,352
Monetary Value of Perquisites	30,962	66,900	83,626	1,81,488
<b>TOTAL</b>	<b>15,25,833</b>	<b>11,67,592</b>	<b>4,65,114</b>	<b>31,58,539</b>

The company has paid during the year ended 31.03.2005 sitting fees for board and audit committee meetings to the Non Executive Directors as follows: Mr. Sunil Agarwal - Rs.2000/-, Mr. O.P. Shroff - Rs.7000/-, Mr. Amalendu Ray - Rs.2000/-, Mr. A.K. Sharma - Rs.8000/- and Mrs. S.D. Chaudhuri - Rs.1000/-.

#### 5. Share Transfer and Shareholders' Grievance Committee

The Share Transfer and Shareholders' Grievance Committee is comprising of Mr. Sunil Agarwal, Chairman of the Committee, Mr. M.K. Rustagi and Mr. K.P. Bhattacharya. The Committee attends to the shareholders' grievances expeditiously and usually reply is sent within a period of 10 days of receipt, except in the cases that are constrained by dispute or legal impediments.

The board has designated Mr. Manoj Harlalka, Company Secretary as the Compliance Officer.

The Company has received 126 complaints from shareholders during the year under review. There was no pending grievance as on 31.03.2005.

#### 6. General Body Meetings

The last three Annual General Meetings were held at Merchants' Chamber of Commerce, 15B, Hemanta Basu Sarani, Kolkata – 700 001 as per details given below: -

Year	Date	Time
2001 - 2002	30.09.2002	10.00 A.M.
2002 - 2003	24.09.2003	10.00 A.M.
2003 - 2004	14.07.2004	10.00 A.M.

Last year, one Ordinary Resolution and one Special Resolution were put through Postal Ballot.

## 7. Disclosure

### a. Related Party Transactions

The Company has entered into a few transactions with the related parties (promoters, the Directors or the management, their subsidiaries or relatives, etc) the details whereof have been given in notes to the accounts. However these are not prejudicial to the interest of the Company.

### b. Compliances by the Company

The Company has complied with the requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters related to capital markets during the last three years; no penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any other statutory authorities relating to the above.

## 8. Means of communication

### i. Half-yearly report:

The half yearly reports are not being sent to shareholders separately.

### ii. Quarterly results

The quarterly results are published in 'Business Standard'/'Financial Express'/'Asian Age' and 'Dainik Lipi'. It is also displayed on our website, [www.polarinc.com](http://www.polarinc.com).

### iii. The Management Discussion and Analysis (MD & A) is a part of the annual report.

### iv. Official news releases are given to the press.

### v. The Company has also posted information relating to its financial results and shareholding pattern of Electronic Data Information Filing and Retrieval System (EDIFAR) at [www.sebiedifar.nic.in](http://www.sebiedifar.nic.in).

## 9. General Shareholder Information

### 9.1. Annual General Meeting :

- Date and Time : 30<sup>th</sup> September, 2005 at 10.00 a.m.
- Venue : Merchants' Chamber of Commerce, 15B, Hemanta Basu Sarani, Kolkata - 700 001.

### 9.2. Financial Calendar (Tentative) : Results for quarter ending June 30, 2005 Last week of July, 2005

Results for quarter ending  
September 30, 2005 Last week of Oct., 2005  
Results for quarter ending  
December 31, 2005 Last week of Jan., 2005  
Results for year ending  
March 31, 2006 Last week of May, 2006  
AGM for the year ending  
March 31, 2006 August, 2006

9.3. **Book closure date** : 26.09.2005 to 30.09.2005

9.4. **Dividend payment date** : Not Applicable

9.5. **Listing of Equity Shares on** : Mumbai, and the National Stock Exchange.  
The Company has paid listing Fees for 2005-2006  
to all these Stock Exchanges.

9.6. (a) **Stock Code** : Trading Symbol National Stock Exchange : POLARIND EQ  
Trading Symbol Mumbai Stock Exchange : 504288

(b) **Demat ISIN Number in NSDL & CDSL for Equity Shares** : ISIN No.INE057B01010

9.7. **Stock Market Data**

Month	National Stock Exchange (In Rs.)		Bombay Stock Exchange (In Rs.)		BSE Sensex	
	High Price	Low Price	High Price	Low Price	High	Low
April, 2004	7.55	4.50	7.90	4.65	5979.25	5599.12
May, 2004	7.75	5.25	7.50	5.50	5772.64	4227.50
June, 2004	6.95	4.55	7.75	4.50	5012.52	4613.94
July, 2004	6.95	4.40	8.00	4.70	5200.85	4723.04
August, 2004	7.70	4.90	6.59	4.81	5269.22	5022.29
September, 2004	6.55	5.00	6.98	5.06	5638.79	5178.57
October, 2004	7.10	5.50	7.24	5.60	5803.82	5558.14
November, 2004	8.00	5.65	8.00	5.62	6248.43	5649.03
December, 2004	9.35	5.75	9.47	6.00	6617.15	6176.09
January, 2005	10.20	7.50	10.10	7.41	6696.31	6069.33
February, 2005	11.00	7.15	11.25	7.30	6721.08	6508.33
March, 2005	10.80	7.85	10.79	8.05	6954.86	6321.31

9.8. **Registrar and Transfer Agents** : **MCS Limited**  
(Share transfer and communication regarding share certificates, dividends and change of address)  
77/2A, Hazra Road  
Kolkata - 700 029  
Tel. No. :- 2476-7350/51/52/53/54  
Fax No.:- 2474-7674

9.9. **Share Transfer System** : Presently, the share transfers which are received in physical form are processed and the share certificates returned within a period of 10 to 15 days from the date of receipt, subject to the documents being valid and complete in all respects. The Company has, as per SEBI Guidelines offered the facility of transfer cum demat. Under the said system, after the share transfer is

effected, an option letter is sent to the transferee indicating the details of the transferred shares and requesting him in case he wishes to demat the shares, to approach a Depository Participant (DP) with the option letter. The DP, based on the option letter, generates a demat request and sends the same to the company along with the option letter issued by the company. On receipt of the same, the company dematerialise the shares. In case the transferee does not wish to dematerialise the shares, he need not exercise the option and the company will despatch the share certificates after 15 days from the date of such option letter.

**9.10. Distribution of Shareholding as on 31<sup>st</sup> March, 2005 :**

No. of Shares	No. of Shares	No. of Folios	Percent Shares	Percent Folios
1 - 1000	1071545	9030	7.86	97.13
1001 - 5000	351045	179	2.57	1.93
5001 - 10000	195817	28	1.44	0.30
10001 - 50000	562889	20	4.13	0.22
50001 - 100000	1244130	16	9.12	0.17
100001 - And above	10209487	24	74.88	0.25
<b>TOTAL</b>	<b>13634913</b>	<b>9297</b>	<b>100.00</b>	<b>100.00</b>

**9.11. Share Holding Pattern as on 31<sup>st</sup> March, 2005 :**

Category	No. of Shares	Shareholding %
Promoters, Relatives & Associates	7770091	56.99
Financial Institutions/Banks/Mutual Funds	3938822	28.89
NRIs	994	0.01
Public/Private Corporate Bodies & Public	1925006	14.12
<b>TOTAL</b>	<b>13634913</b>	<b>100.00</b>

**9.12 Dematerialisation of Shares :** Trading in Equity Shares of the Company is permitted only in dematerialised form as per notification issued by the Securities and Exchange Board of India (SEBI). As on 31<sup>st</sup> March, 2005, 85.93% shares issued have been dematerialised.

**9.13 Plant locations :** **Ceiling Fan Division**  
A-2, Sector-5, Noida

**Roorkee Division**  
Plot No. 9, Ram Nagar Industrial Area,  
Roorkee

**Sumach Division**  
58/4/2A, B.T. Road, Kolkata - 700 002

**PFI Division**  
167, Brahma Samaj Road, Kolkata - 700 060

9.14. (i) **Investor Correspondence** : **For Shares held in Physical form**  
MCS Limited  
77/2A, Hazra Road  
Kolkata - 700 029

For Shares held in Demat form  
To the Depository Participant

(ii) **Any query on Annual Report** : Secretarial Department  
Polar Industries Ltd.  
113, Park Street, 8<sup>th</sup> Floor  
Kolkata - 700 016

## COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

To  
The Members of  
Polar Industries Limited

We have examined the compliance of conditions of Corporate Governance by Polar Industries Ltd. for the year ended on 31<sup>st</sup> March, 2005, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that Company has complied with the conditions of Corporate Governance as stipulated in above mentioned Listing Agreement except to the extent specified in the Corporate Governance Report.

We state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Company and presented to the Share Transfer and Shareholders' Grievance Committee.

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

**For Singhi & Co.**  
**Chartered Accountants**

**B . K. Sipani**  
Partner  
Membership No. 088926

Place : New Delhi  
Dated: 17<sup>th</sup> August, 2005



