

## **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	Director Independent	Designation	Attendance in Board Meeting Held		Attendance In last AGM	Other Directorship	Committee Membership	Committee Chairmanship	Shareholding
1. Mr. Anil Agarwal	PD	No	CMD	12	10	No	4	-	-	2839928
2. Mr. Sunil Agarwal	PD	No	NED	12	2	Yes	1	1	1	667512
3. Mr. N.G. Khaitan (a)	NPD	Yes	NED	8	1	No	13	8	2	-
4. Mr. O.P. Shroff (b)	NPD	Yes	NED	9	7	Yes	Not Available			-
5. Dr. S.D. Nanda (c)	NPD	Yes	ND	12	11	No	2	1	-	-
6. Mr. A.K. Sharma (d)	NPD	Yes	ND	12	11	No	2	1	-	-
7. Mr. M.K. Rustagi (e)	NPD	No	WTD	12	11	No	1	-	-	50
8. Mr. K.P. Bhattacharya	NPD	No	WTD	12	1	Yes	-	-	-	-
9. Mr. S.P. Singh (f)	NPD	Yes	ND	3	-	No	-	-	-	-
10. Mr. Salil Bhandari (g)	NPD	Yes	NED	3	2	No	4	1	1	-
11. Mr. Vikram Prakash (h)	NPD	Yes	NED	1	-	No	6	4	2	-
12. Mr. S S Dabas (i)	NPD	Yes	ND	1	-	No	-	-	-	-

- (a) Mr. N.G. Khaitan resigned from directorship from 30.03.2006;  
 (b) Mr. O.P. Shroff resigned from directorship from 26.05.2006;  
 (c) Mr. S. D. Nanda nominee director of Industrial Investment Bank of India;  
 (d) Mr. A. K. Sharma nominee director of IFCI Ltd.;  
 (e) Mr. M.K. Rustagi resigned from directorship w.e.f. 30.09.2006;  
 (f) Mr. S.P. Singh appointed as nominee director by Punjab National Bank w.e.f. 30.03.2006 and resigned w.e.f. 21.08.2006;  
 (g) Mr. Salil Bhandari appointed as additional director w.e.f. 26.05.2006;  
 (h) Mr. Vikram Prakash appointed as additional director w.e.f. 25.08.2006;  
 (i) Mr. S. S. Dabas appointed as nominee director by Punjab National Bank w.e.f. 21.08.2006;

It is further declared that the Company has not been able to file requisite return in Form 32, with the Registrar of Companies, with regard to nomination by Punjab National Bank (PNB) of Mr. S.P. Singh and Mr. S.S. Dabas and withdrawal of nomination of Mr. S.P. Singh, due to want of requisite information and documents, which has not as yet been made available to the Company by either the Nominated Directors or the nominating institution.

(PD: Promoter Director, NDP: Non Promoter Director, CMD: Chairman & Managing Director, NED: Non Executive Director, ND: Nominee Director, WTD: Whole Time Director)

Committee Membership/Chairmanship of Audit Committee and Shareholder Grievance Committee has only been considered.

During the year, twelve board meetings were held on (i) 30.05.2005, (ii) 20.06.2005, (iii) 29.07.2005, (iv) 17.08.2005, (v) 14.09.2005, (vi) 29.10.2005, (vii) 30.01.2006, (viii) 21.02.2006, (ix) 29.04.2006, (x) 28.06.2006, (xi) 28.07.2006 and (xii) 25.08.2006. The maximum time gap between any two meetings did not exceed **four** calendar months.

No pecuniary transactions have been entered into with any of the non-executive Directors of the company, save and except the payment of sitting fees to the Independent and Non-Executive Directors for attending the Meetings of the Board and the Committees with which they are associated.

### **Non executive directors' compensation and disclosures**

In accordance with the decision of the Board of Directors, only sitting fees are paid to independent directors and non-executive directors for attending Meetings of the Board/the Committees of which they are members.

### **Code of Conduct**

A code of conduct as applicable to the Directors and the Members of the Senior Management has been approved by the Board in its meeting held on 28.01.2005. The said code has already been displayed on the company's Website.

### **Re-appointment / Appointment of Directors**

The details of directors seeking reappointment in the Annual General Meeting are as follows:-

<b>Name of the Director</b>	<b>Mr. Sunil Agarwal</b>	<b>Mr. K.P. Bhattacharya</b>
Date of Birth	11.05.1960	11.03.1946
Date of Appointment	20.01.1990	29.10.2001
Expertise in specific functional areas	Industrialist	Operations
Qualifications	B. Com.	B. E. (Electrical), M.I.E. Chartered Engineer
Shareholding in the Company	667512 equity shares	Nil
List of outside Directorship held	Polar Pharma India Ltd. - Chairman Share Transfer Committee	Nil

The details of directors appointment in the Annual General Meeting are as follows:-

<b>Name of the Director</b>	<b>Mr. Salil Bhandari</b>	<b>Mr. Vikram Prakash</b>
Date of Birth	28.11.1957	01.04.1928
Expertise in specific functional areas	Accounts, Audit, Finance and Taxation	Management
Qualifications	B. Com, F.C.A.	B. Sc. Engg. (Mech), M.I.E. Chartered Engineer
Shareholding in the Company	Nil	Nil
List of outside Directorship held	a) BSL Wulfing Ltd. b) Bhilwara Energy Ltd. c) Ginni International Ltd. - Member, Shareholders/ Investors Sub-Committee d) Omax Autos Ltd. - Chairman Audit Committee	a) ECE Industries Ltd. - Chairman Audit Committee b) India Toners & Developers Ltd. - Member Audit Committee c) Pushpsons Industries Ltd. - Member Audit Committee d) Noida Medicare Centre Ltd. Chairman Audit Committee e) Naihati Jute Mills Ltd. f) Deepak Spineers Ltd. - Member Audit Committee - Member Shareholders Grievances Committee

### 3. Audit Committee

Composition of the Committee is in accordance with the revised requirements prescribed by SEBI under Clause 49 Of the Listing Agreement. The Committee consists of the following directors:

- i) Mr. O.P. Shroff, Chairman (upto 26.05.2006)
- ii) Mr. Sunil Agarwal, Member (upto 25.08.2006)
- iii) Mr. A.K. Sharma, Member
- iv) Mr. Salil Bhandari, Chairman (w.e.f. 26.05.2006)
- v) Mr. Vikram Prakash (w.e.f. 25.08.2006)
- vi) Mr. Anil Agarwal (w.e.f. 25.08.2006)

Of the Committee members only, Mr. Anil Agarwal, is an executive Director. All the members of the Committee are financially literate.

Mr. O.P. Shroff, the previous Chairman of the Committee and Mr. Salil Bhandari, the present Chairman of the Committee are practicing Chartered Accountants and independent directors.

The Company Secretary acts as the Secretary to the Committee.

During the year, the Committee held eight meetings on the following dates:

- (i) 20.06.2005; (ii) 29.07.2005; (iii) 17.08.2005; (iv) 29.10.2005; (v) 30.01.2006; (vi) 30.05.2006; (vii) 28.06.2006 and (viii) 28.07.2006.

The attendance of each Committee Member is as under:

Name of the Directors	No. of Meetings	
	Held	Attended
1. Mr. O.P. Shroff	5	5
2. Mr. Sunil Agarwal	8	2
3. Mr. A.K. Sharma	8	7
4. Mr. Salil Bhandari	3	3
5. Mr. Vikram Prakash	-	-
6. Mr. Anil Agarwal	-	-

The terms of reference of the Audit Committee are in conformity with the revised requirements of Clause 49 of the Listing Agreement read in conjunction with section 292A of the Companies Act, 1956.

The functions of the Audit Committee broadly cover the following:

- a) to investigate any activity within its terms of reference;
- b) to seek information from any employee;
- c) to obtain outside legal or other professional advice;
- d) to secure attendance of outsiders with relevant expertise, if it considers it so necessary;
- e) to oversee the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- f) to recommended the appointment and removal of external auditor, fixation of audit fees and also approval for payment for any other services;
- g) reviewing with the management the annual financial statements before submission to the Board, focusing primarily on:

- any changes in accounting polices and practices;
  - major accounting entries based on exercise of judgment by management;
  - qualifications in draft audit report;
  - significant adjustments arising out of audit findings;
  - the going concern assumption;
  - compliance with accounting standards;
  - compliance with stock exchange and legal requirements concerning financial statements;
  - any related party transactions, i.e., transactions of the company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the company at large;
- h) reviewing with the management, external and internal auditors, the adequacy of internal control systems;
- i) reviewing with the management the quarterly financial statements before submission to the Board;
- j) reviewing the adequacy of internal audit function and frequency of internal audit;
- k) discussion with internal auditors on any significant findings and follow up thereon;
- l) 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;
- m) discussion with external auditors before the audit commences, nature and scope of audit as well as have post-audit discussion to ascertain any area of concern;
- n) reviewing the company's financial and risk management policies;
- o) to look into the reasons for substantial defaults, if any, in the payment of the depositors, debenture holders and creditors.

The Audit Committee shall also mandatorily review the following:

- a) Management discussion and analysis of financial condition and results of operations;
- b) Statement of significant related party transactions (as defined by the audit committee), submitted by management;
- c) Management letters/letters of internal control weaknesses issued by the statutory auditors;
- d) Internal audit report relating to internal control weaknesses;
- e) The appointment, removal and terms of remuneration of the Internal Auditor.

#### 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 was held on 17.08.2005 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 (a)	1	1
3. Mr. Sunil Agarwal	1	-
4. Mr. Salil Bhandari (b)	-	-

(a) Mr. O P Shroff resigned from directorship w.e.f. 26.05.2006;

(b) Mr. Salil Bhandari appointed as a Committee member w.e.f. 26.05.2006.

The appointment of Whole Time Directors are governed by resolution passed by the board of directors at the shareholders of the company, which covers the terms and conditions of such appointment. Payment of remuneration to Whole Time Directors are governed by the respective agreements executed between them and the company, subject to Central Government approval.

The Non-Executive Directors are paid remuneration only by way of Sitting Fees each meeting of the Board and Audit Committee thereof attended by them. There are no severance fees, other benefits or stock options.

The details of remuneration paid to Whole-time Directors during the year ended 30.09.2006 are as follows: -

Particulars	Name of Directors			Total
	Mr. Anil Agarwal	Mr. M.K. Rustagi	Mr. K.P. Bhattacharya	
Salary	2070000	963188	405000	3438188
Medical Reimbursement	314808	29156	35154	379118
Rent/HRA	-	577913	162000	739913
Employer's contribution to Provident & other Funds	248400	107993	53845	410238
Monetary Value of Perquisites	-	385106	122075	507181
<b>TOTAL</b>	<b>2633208</b>	<b>2063356</b>	<b>778074</b>	<b>5411308</b>

The Company has, during the 18 months period ended 30.09.2006, paid sitting fees for attending Board and Audit committee meetings to the Non Executive Directors as follows:

Name	Amount Rs.
1. Mr. Sunil Agarwal	4,000
2. Mr. N.G. Khaitan	1,000
3. Mr. O.P. Shroff	12,000
4. Dr. S.D. Nanda (Nominee of IIBI Ltd.)	11,000
5. Mr. A.K. Sharma (Nominee of IFCI Ltd.)	18,000
6. Mr. S.P. Singh (Nominee of Punjab National Bank)	-
7. Mr. Salil Bhandari	5,000
8. Mr. Vikram Prakash	-
9. Mr. S S Dabas (Nominee of Punjab National Bank)	-
<b>Total</b>	<b>51,000</b>

## 5. Share Transfer and Shareholders' Grievance Committee

The Share Transfer and Shareholders' Grievance Committee comprises 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.

At present the board has designated Mr. Vishwanath G. Malagi, Company Secretary as the Compliance Officer of the Company.

The Company has received 118 complaints from shareholders during the period under review. There was no pending grievance either at the beginning or at the end of the period.

## 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
2004 – 2005 (a)	30.09.2005	10.00 A.M.
2003 – 2004 (b)	14.07.2004	10.00 A.M.
2002 – 2003 (c)	24.09.2003	10.00 A.M.

- (a) Three Special Resolution were passed at the AGM held on 30.09.2005:
- To reappoint the auditors of the company in terms of provisions of section 224A of the Companies Act, 1956.
  - To approve holding of office or place of profit by Mr. Viraj Agarwal, son of Mr. Anil Agarwal as Executive Assistant to CMD.
  - To approve holding of office or place of profit by Mrs. Shailja Agarwal, wife of Mr. Anil Agarwal as General Manager (Business Development).
- (b) Four Special resolutions were passed at the AGM held on 14.07.2004:
- To reappoint the auditors of the company in terms of provisions of section 224A of the Companies Act, 1956.
  - To approve the reappointment of Mr. Anil Agarwal as Chairman & Managing Director of the Company for a period of 5 years.
  - To approve the reappointment of Mr. K.P. Bhattacharya as Director (Operations) of the Company for a period of 3 years.
  - To grant authority to the Board to offer, issue and allot 25,04,500 Equity Shares of Rs.10/- each at par, through private placement to promoters, their relatives and associates.
  - To approve voluntary delisting of securities from The Delhi Stock Exchange Association Ltd. and The Calcutta Stock Exchange Association Ltd.
- (c) Two Special resolution were passed at the AGM held on 24.09.2003:
- To reappoint the auditors of the company in terms of provisions of section 224A of the Companies Act, 1956.
  - To grant authority to the Board, to acquire equity shares/optionally redeemable preference shares/redeemable preference shares of PMAL not exceeding Rs.3186.89 lacs by way of conversion of existing loans/advances given to PMAL.

No Special Resolution requiring Postal Ballot was proposed at the last Annual General Meeting. Only an Ordinary Resolution under section 293(1)(a) of Companies Act, 1956 was passed through Postal Ballot.

At the ensuing Annual General Meeting, a Special Resolution for grant of authority in favour of Board or Director of the Company under Section 372A and other applicable provisions, if any, of the Companies Act, 1956, to make investment(s), give loan(s) or guarantee(s) or provide any security(ies) upto a limit not exceeding Rs.100 crore (Rupees one hundred crore) only, is proposed to be passed by Postal Ballot. The requirements of Section 192A of the Companies Act, 1956 read with Companies (Passing of Resolutions by Postal Ballot) Rules, 2001 shall be duly complied with in this regard.

It is further disclosed that an Extra Ordinary General Meeting of the members of the Company, was held at 10.00 a.m. on 14<sup>th</sup> October, 2005 at Merchants' Chamber of Commerce, 15-B, Hemanta Basu Sarani, Kolkata – 700001 the following Special Resolutions were passed:

- To increase the Authorised Share Capital of the Company from Rs.19 crore to Rs.23 crore.

- To issue upto 70,00,000 Zero Coupon Convertible Warrants at a price of Rs.14.70 each, on Preferential and Private Placement Basis.

## 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

- |   |   |
|---|---|
| <ul style="list-style-type: none"> <li>• Half-yearly report sent to each household of the Shareholders</li> </ul> | <p>Since half-yearly and annual results of the Company are published in leading Newspapers having wide circulation and regularly put on Company's website, these are not sent individually to shareholders.</p>   |
| <ul style="list-style-type: none"> <li>• Quarterly results</li> </ul>   | <p>The Quarterly results of the Company are published in leading Newspapers having wide circulation and regularly put on Company's website, <a href="http://www.polarinc.com">www.polarinc.com</a>.</p>   |
| <ul style="list-style-type: none"> <li>• Newspaper in which results are normally published</li> </ul>             | <p>'Business Standard'/'Financial Express/Asian Age' and 'Dainik Lipi' Pursuant to Clause 51 of the Listing Agreement, all data related to quarterly financial results, shareholding pattern etc. are posted on the SEBI's Electronic Data Information Filing and Retrieval (EDIFAR) website <a href="http://www.sebiedifar.nic.in">www.sebiedifar.nic.in</a></p> |
| <ul style="list-style-type: none"> <li>• Any website, where displayed</li> </ul>                                  | <p><a href="http://www.polarinc.com">www.polarinc.com</a></p>   |
| <ul style="list-style-type: none"> <li>• Whether it also displays official news releases</li> </ul>               | <p>Yes</p>  |
| <ul style="list-style-type: none"> <li>• Whether MD&amp;A is a part of Annual report or not.</li> </ul>           | <p>Yes</p>  |

## 9. General Shareholder Information

### 9.1. Annual General Meeting

- |   |   |
|---|---|
| <ul style="list-style-type: none"> <li>- Date and Time</li> </ul> | <p>: 31.03.2007 at 10.30 a.m.</p>   |
| <ul style="list-style-type: none"> <li>- Venue</li> </ul>         | <p>Merchants' Chamber of Commerce, 15B, Hemanta Basu Sarani, Kolkata – 700 001.</p> |

- |  |   |                               |
|--|---|-------------------------------|
| <p>9.2. Financial Calendar (Tentative)</p> | <p>: Results for quarter ending<br/>December 31, 2006</p> | <p>Last week of Jan, 2007</p> |
|--|---|-------------------------------|

Results for quarter ending  
March 31, 2007 Last week of April, 2007  
Results for quarter ending  
June 30, 2007 Last week of July, 2007  
Results for year ending  
Sept 30, 2007 Last week of Oct, 2007  
AGM for the year ending  
September 30, 2007 December, 2007

- 9.3. **Book closure date** : 26.03.2007 – 31.03.2007
- 9.4. **Dividend payment date** : Not Applicable
- 9.5. **Listing of Equity Shares on** : Bombay Stock Exchange Ltd. and The National Stock Exchange of India Ltd.  
The Company has paid listing Fees for 2006-2007 to both the Stock Exchanges.
- 9.6. (a) **Stock Code** : National Stock Exchange: POLARIND EQ  
Bombay Stock Exchange: 504288
- (b) **Demat ISIN Number in NSDL & CDSL for Equity Shares** : ISIN No.INE057B01010

9.7. **Market Price 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, 2005	9.00	7.15	8.55	7.12	6649.42	6118.42
May, 2005	10.70	6.85	10.60	6.80	6772.74	6140.97
June, 2005	12.85	9.15	12.66	9.05	7228.21	6647.36
July, 2005	12.00	9.45	12.00	9.40	7708.59	7123.11
August, 2005	18.00	10.85	18.01	10.91	7921.39	7537.50
September, 2005	21.80	13.20	21.46	13.10	8722.17	7818.90
October, 2005	17.00	13.05	17.20	13.10	8821.84	7656.15
November, 2005	14.90	12.40	15.40	12.50	9033.99	7891.23
December, 2005	13.35	10.55	14.00	10.43	9442.98	8769.56
January, 2006	15.00	11.20	14.84	12.20	9945.19	9158.44
February, 2006	15.05	11.80	15.50	11.55	10422.65	9713.51
March, 2006	13.00	8.55	13.50	8.30	11356.95	10344.26
April, 2006	12.10	9.00	12.50	9.45	12102.00	11008.43
May, 2006	13.55	10.90	13.46	10.52	12671.11	9826.91
June, 2006	14.20	9.10	14.13	9.00	10626.84	8799.01
July, 2006	10.40	8.65	10.14	8.31	10940.45	9875.35
August, 2006	8.65	6.80	8.69	6.76	11794.43	10645.99
September, 2006	8.00	6.75	7.77	6.76	12485.17	11444.18

- 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 request for share transfers which are received in physical 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.

**9.10 Distribution of Shareholding as on 30<sup>th</sup> September, 2006:**

No. of Shares	No. of Shares	No. of Folios	Percent Shares	Percent Folios
1 - 1000	1152542	8684	8.45	96.09
1001 - 5000	528989	247	3.87	2.73
5001 - 10000	254351	33	1.87	0.37
10001 - 50000	1060818	46	7.78	0.51
50001 - 100000	563178	8	4.13	0.09
100001 - And above	10075035	19	73.89	0.21
<b>T O T A L</b>	<b>13634913</b>	<b>9037</b>	<b>100.00</b>	<b>100.00</b>

**Shareholding Pattern as on 30<sup>th</sup> September, 2006**

The shareholding pattern in the Company as on 30<sup>th</sup> September, 2006 is as under:

Category	No. of shareholders	No. of shares held	Shareholding %
Promoter Group	10	53,18,470	39.01
Financial Institution/Banks/Mutual Funds	13	47,23,072	34.64
NRIs	19	12,240	0.09
Public/Private Bodies Corporate	240	7,42,121	5.44
Individual Public	8755	28,39,010	20.82
	9037	1,36,34,913	100.00

**9.11 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 30<sup>th</sup> September, 2006, 90.32% shares have been dematerialised.

**9.12 Outstanding GDRs/ ADRs/ Warrants/ Any Convertible Instruments, conversion date and likely impact on Equity**

The Company has not issued any GDRs, ADRs. However the company has allotted 70,00,000 Zero Coupon Convertible Warrants carrying a right to subscribe to an equal number of equity shares at a price of Rs.14.70 including premium of Rs.4.70 have been allotted on 21.02.2006 to the promoters and shares on preferential basis. These warrants are convertible into equity shares within 18 months from date of allotment at the option of the warrant holders. Assuming full conversion during the current year, the paid up equity share capital of the company will raise to Rs.20,63,49,130.

9.13 **Plant locations** : **Ceiling Fan Division**  
A -2, Sector-5, Noida  
**Roorkee Division**  
Plot No. 9, Ram Nagar Industrial Area,  
Roorkee, Hardwar, Uttaranchal  
**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  
cs@polarinc.com

10. **The Details of adoption / non-adoption of the non-mandatory requirements as specified in Annexure ID of Clause 49 are as under:**

a) The Board

As the Company has an executive Chairman, this requirement is not applicable to the Company.

The Board has not adopted the non-mandatory requirement regarding limiting the maximum tenure of the Non-executive Directors to three terms of three years each.

b) Remuneration Committee

The Board has a Remuneration Committee whose terms of reference, composition and other relevant particulars have been mentioned in this report.

c) Shareholders rights

The Company does not send any communication to shareholders covering financial performance or summary of the significant events on half-yearly basis. Instead, the Company publishes the quarterly financials results in major newspapers and posts the same on the website of the Company. Further, significant events are informed to the Stock Exchanges from time to time and then the same is posted on the website of the Company.

d) Audit qualifications

Observations of the Auditors in their report to the members have been appropriately addressed in the Directors' Report and Notes to the accounts.

e) Training of Board Members

The members of the Board, well versed in their respective area of functioning, are aware of their responsibilities as directors and the best ways to discharge them.

f) Mechanism for evaluating non-executive Board Members

The matter has not, as yet, been considered by the Board members.

g) Whistle Blower Policy

The matter has not, as yet, been considered by the Board members.

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**AFFIRMATION OF COMPLIANCE WITH  
THE CODE OF CONDUCT  
FOR DIRECTORS AND SENIOR EXECUTIVES**

I, Anil Agarwal, Chairman & Managing Director declare that the Company has received affirmation of compliance with "Code of Conduct for Directors and Senior Executives" laid down by the Board of Directors, from all the Directors and Senior Management personnel of the Company, to whom the same is applicable, for the financial year ended September 30, 2006.

Place: Noida  
Date: 30.12.2006

**Anil Agarwal**  
Chairman & Managing Director

## 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 30<sup>th</sup> September, 2006, 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, subject to:

*(i) required return in relation to a director nominated by Punjab National Bank, has not been filed with the Registrar of Companies. In the absence whereof, the requirements relating to Composition of Board of Directors has not been complied during the period 30.03.2006 to 29.09.2006. However, the composition of the Board was maintained as per the stipulation of Corporate of Governance clause, as at 30.09.2006 and*

*(ii) details of other directorship and other committee membership are not available for Mr. O.P. Shroff.*

We certify that *subject* to clause (i) & (ii) above, the 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. 88926**

Place: New Delhi  
Dated: 30.12.2006

