

REPORT ON CORPORATE GOVERNANCE FOR THE PERIOD 01.04.2008 TO 31.3.2009

1) Company's philosophy on Corporate Governance

Company'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.

The Company 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		Attendance in last AGM	Other Directorship	Committee Membership (Membership in Audit Committee and Shareholders' Grievance Committee has been considered)	Committee Chairmanship (Chairmanship in Audit Committee and Shareholders' Grievance Committee has been considered)	Shareholding
				Held	Attended					
1. Mr. Anil Agarwal	PD	No	CMD	6	5	Yes	2	2	-	2839928
2. Mr. Sunil Agarwal	PD	No	NED	6	5	Yes	1	2	1	167517
3. Mr. K.P. Bhattacharya (a)	NPD	No	WTD	5	3	No	-	1	-	-
4. Mr. S S Dabas (b)	NPD	Yes	ND	2	-	No	-	-	-	-
5. Mr. Shashank Prashad (c)	NPD	Yes	IND	6	6	Yes	5	3	1	1071
6. Mr. Sanjoy Gupta (d)	NPD	Yes	ND	4	3	No	1	3	1	-
7. Mr. P.S. Ravendranath (e)	NPD	Yes	ND	1	1	NA	3	1	-	-

(a) Mr. K.P. Bhattacharya was the Director (Operation). He demised on 2nd November, 2008;

(b) Mr. S.S. Dabas is the nominee Director of Punjab National Bank and resigned w.e.f. 05.06.2008;

(c) Mr. Shashank Prashad has been appointed as Director in the last Annual General Meeting held on 12.08.2008 after ceasing to be Additional Director ;

(d) Mr. Sanjoy Gupta is the nominee Director of ARCIL appointed w.e.f. 07.04.2008 and he resigned on 28.10.2008; and

(e) Mr. P.S. Ravendranath is the nominee Director of ARCIL appointed w.e.f. 28.10.2008.

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

During the year, six board meetings were held on (i) 05.04.08, (ii) 21.04.08, (iii) 28.06.08, (iv) 28.07.08, (v) 27.10.08, (vi) 30.01.09. 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

The Board of Directors has adopted the Code of Ethics and Business Conduct with effect from 28.01.2005 for Directors and Senior Management. The said Code has been communicated to the Directors and Members of the Senior Management. For the year under review, all the Directors and Senior Management Members have confirmed their adherence to the provisions of the said Code. A declaration to the effect that the Directors and Senior Management Personnel have adhered to the same, signed by the Chairman & Managing Director (CMD) of the Company is attached to this Report.

Re-appointment / Appointment of Directors

The details of Director seeking re-appointment as Director and Whole-time Director at the Annual General Meeting are as follows:

Name of the Director	Mr. Anil Agarwal
Brief Resume	Mr. Anil Agarwal, son of Late Sajjan Kumar Agarwal is 52 years old and resides at A-8, Maharani Bagh, New Delhi-110065. He is B.Com (Hons.) by qualification. His association with the Company dates back to the 1980s. He being a person of great integrity, his devotion to his works reflects his grit and determination to overcome every hurdle that comes in the Company's way. With his excellent analytical abilities, he has competence to oversee all activities and take prompt business decisions.
Qualifications	B.Com (Hons.)
Date of Birth	16.09.1956
Date of Appointment	16.12.1983
Expertise in specific functional areas	Industrialist
Shareholding in the Company	2839928 (13.39%)
List of outside Directorship held	a) Polar Pharma India Ltd. – Chairman-cum-Managing director b) Sheffield Appliances Ltd. – Director c) Polar LLC (Virginia Limited Liability Company) -Director
Chairman/Member of the Committee of the Board of Directors of the Company	1. Asset Sale Committee –Chairman 2. Audit Committee – Member 3. Remuneration Committee – Member 4. Financial Review Committee – Member 5. Share Allotment Committee – Member
Chairman/Member of the Committee of other companies in which he is a Director	1. Polar Pharma India Ltd. Shareholders' Grievance Committee - Member

Name of the Director	Mr. Shashank Prashad
Brief Resume	Mr. Shashank Prashad son of Late Sumat Prasad aged 52 years resides at 1, Dover Park, Kolkata-700019. He is B.Com (Hons.) and possess more than 25 years of rich experience in Tea Industry. Apart from academic qualification, his practical and professional expertise is more fully reflected in the valuable advises he gives.
Qualifications	B.Com (Hons.)
Date of Birth	22.05.1957
Date of Appointment	12.08.2008
Shareholding in the Company	1071(0.005%)
Expertise in specific functional areas	25 years of experience in Tea industry
List of outside Directorship held	a) SPBP Tea Plantation Ltd. – Director b) Darjeeling Dooars Plantations (Tea) Ltd. – Director c) SIVPL Products Pvt. Ltd. – Director d) Fulcrum Works Pvt. Ltd. – Director e) Indeevar Impex Pvt. Ltd. - Director
Chairman/Member of the Committee of the Board of Directors of the Company	1. Audit Committee – Chairman 2. Remuneration Committee – Chairman 3. Financial Review Committee – Chairman 4. Shareholders' Grievance & Share Transfer Committee –Member 5. Share Allotment Committee – Member 6. Hardship Committee - Member

Chairman/Member of the Committee of other companies in which he is a Director	1. Darjeeling Dooars Plantations (Tea) Ltd. Audit committee - Member
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3. Audit Committee

The composition of the Audit Committee is in accordance with the revised provisions of Clause 49 (II) (A) of the Listing Agreement with the Stock Exchanges. At present the Committee consists of Two Non-Executive Directors and One Executive Director with 2/3rd of the Members being Independent Directors. Mr. Shashank Prashad, Independent Director is the Chairman and Mr. Anil Agarwal and Mr. P.S. Ravendranath are other Members of the Committee.

All the Committee Members are financially literate and all of them have accounting and financial management expertise.

The Internal Auditors and the Representatives of the Statutory Auditors and such other officials of the Company are invited to attend the Audit Committee Meetings as and when required. The Company Secretary acts as the Secretary to the Committee.

The Minutes of the Audit Committee Meetings are noted by the Board of Directors in their subsequent Meeting.

The details of change in Membership of Audit Committee during the year under review is as follows:

- i) Mr. Shashank Prashad, Chairman (appointed as Chairman-Member w.e.f. 28.06.2008)
- ii) Mr. Anil Agarwal, Member
- iii) Mr. Sanjoy Gupta (appointed as Member of Audit Committee w.e.f. 21.04.2008 and resigned from Membership w.e.f. 28.10.2008)
- iv) Mr. P.S. Ravendranath (appointed as Member of Audit Committee w.e.f. 28.10.2008)

The Committee met four times during the year under review on (i) 28.06.2008 (ii) 28.07.2008 (iii) 27.10.2008 (iv) 30.01.2009.

Attendance of Members at the Meeting of the Audit Committee

Name of the Directors	No. of Meetings	
	Held	Attended
1. Mr. Anil Agarwal	4	4
2. Mr. Shashank Prashad	4	4
3. Mr. Sanjoy Gupta (nominee of ARCIL)	3	3
4. Mr. P.S. Ravendranath (nominee of ARCIL)	1	1

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 Audit Committee has been vested with the following powers:

- a) to investigate any activity within its terms of reference;
- b) to seek information from any employee;
- c) to obtain outside legal or other professional advice;
- d) to secure attendance of outsiders with relevant expertise, if it considers it so necessary.

Terms of Reference:

Role of Audit Committee:

The role of the Audit Committee is as follows:

- a) 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;

- b) to recommend the appointment and removal of external auditor, fixation of audit fees and also approval of payment for any other services;
- c) reviewing with the management the annual financial statements before submission to the Board, focusing primarily on:
 - any changes in accounting policies 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;
- d) reviewing with the management, external and internal auditors, the adequacy of internal control systems;
- e) reviewing with the management the quarterly financial statements before submission to the Board;
- f) reviewing the adequacy of internal audit function and frequency of internal audit;
- g) discussion with internal auditors on any significant findings and follow up thereon;
- h) 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;
- i) 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;
- j) to look into the reasons for substantial defaults, if any, in the payment of the depositors, debenture holders and creditors.

Review of Information by the Audit Committee:

The Audit Committee shall mandatorily review the following information:

- 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;
- f) The Company's financial risk management policies.

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 period, no remuneration committee meeting was held.

The appointment of Whole Time Directors are governed by resolutions passed by the board of directors and 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, if required.

Details of remuneration paid to all Directors for the year ended 31.03.2009 :

(i) Executive Director –Whole-time Director/Managing Director

Particulars	Mr. Anil Agarwal (*)	Mr. K.P. Bhattacharya (**)	Total
Salary	13,80,000	2,20,250	16,00,250
Medical Reimbursement	2,30,000	18,251	2,48,251
Rent/HRA	-	88,100	88,100
Employer's contribution to Provident & other Funds	1,65,600	26,430	1,92,030
LTA & Leave encashment	2,30,000	18,251	2,48,251
Club Membership Fees	33,000	-	33,000
Gratuity	-	-	-
TOTAL	20,38,600	3,71,282	24,09,882

(*) Service Contract entered was for the period 1st April, 2004 to 31st March, 2009

(**) Service Contract entered was for the period 1st October, 2007 to 30th September, 2010

(ii) Non-Whole-Time/Non-Executive Director

The Company has, during the 12 months period ended 31.03.2009, paid sitting fees for attending Board and Audit Committee Meetings to the Non Executive Directors as follows:

Non-Executive Director	Sitting Fees paid for attending Board Meeting and Audit Committee Meetings (Rs.)
1. Mr. Sunil Agarwal	5,000
2. Mr. S S Dabas (Nominee of Punjab National Bank)	NIL
3. Mr. Shashank Prashad	10,000
4. Mr. Sanjoy Gupta (nominee of ARCIL)	6,000
5. Mr. P.S.Ravendranath (nominee of ARCIL)	2,000
Total	23,000

- Neither any Stock option was issued nor any bonus was paid to any Directors. No severance fee is payable to Directors and there was no Notice Period.
- Non-Executive Directors are being paid sitting fees of Rs.1000/- for attending each Board Meeting and Audit Committee Meeting.
- There has been no pecuniary relationship or transaction of the Non-Executive Directors *vis-à-vis* the Company during the year under review.
- There is no performance linked incentive paid to the Executive Directors.

5. Remuneration Policy

- The remuneration of employees include basic remuneration and perquisites.
- The remuneration policy is well structured and directed towards rewarding performance based on periodical review. The component of the total remuneration varies for different grades, qualifications and experience of the employee, responsibilities undertaken by him and his individual performance, etc. and is driven by industry norms.
- The objectives of the remuneration policy are to motivate, reward merit and retain talent.

6. Share Transfer Committee & Shareholders' Grievance Committee

The Share Transfer & Shareholders' Grievance Committee mainly reviews the process of share transfers, issue of duplicate certificates, certificates after splits/consolidation/renewal and rematerialisation. The Committee meets once in a fortnight to expedite all matters relating to transfer, etc.

The Share Transfer & Shareholders Grievance Committee was constituted with the following directors:

Members	Particulars
(1) Mr. Sunil Agarwal	Chairman
(2) Mr. K.P. Bhattacharya	Member (demised on 02.11.2008)
(3) Mr. Shashank Prasad	Member (appointed as member on 03.11.2008)

The Committee looks into redressal of shareholders' complaints like transfer of shares, non-receipt of declared dividends, non-receipt of Balance Sheet, etc. The Committee oversees the performance of the Registrar and Share Transfer Agents and recommends measures for overall improvement in the quality of investor services. The Board has designated Ms. Samta Agarwal, Company Secretary as the Compliance Officer.

The total number of complaints received and replied to the satisfaction of the shareholders during the year ended March 31, 2009 was 4 (four). There were no complaints outstanding as on March 31, 2009.

7. General Body Meetings

The last three Annual General Meetings were held as under:: -

Year	Date	Time	Venue	Whether any special resolutions passed
2007 - 2008 period of 12 months (01.04.2007-31.03.2008)	12.08.2008	10:00 A.M.	Merchants' Chamber of Commerce, 15B, Hemanta Basu Sarani, Kolkata – 700 001	Yes
2006 - 2007 period of 6 months (01.10.2006-31.03.2007)	29.09.2007	10:00 A.M.	Rotary Sadan, Sripati Singhanian Hall 94/2, Chowringhee Road, Kolkata, – 700020	Yes
2005 –2006 period of 18 months (01.04.2005-30.09.2006)	31.03.2007	10:30 A.M.	Merchants' Chamber of Commerce, 15B, Hemanta Basu Sarani, Kolkata – 700 001	Yes

Postal Ballot:

No special resolutions were required to be put through postal ballot last year. Pursuant to the recommendations for passing of certain important matters through postal ballot, it is confirmed that there was no special resolutions which were required to be conducted through postal ballot.

8. Disclosures:

- (a) **Disclosure on material significant related party transactions i.e., transactions of the Company of a material nature with its promoters, the Directors or the Management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large. Declarations have been received from the senior management personnel to this effect.**

The Company has entered into 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 in the Annual Report. However these are not prejudicial to the interest of the Company. The material, financial and commercial transactions with related parties are reported to Audit Committee regularly.

- (b) **Details 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**

None in the last three years.

(c) Details of compliance with mandatory requirements and adoption of the non-mandatory requirements of Clause 49:

The Company has duly complied with all the mandatory requirements of the Clause 49 pertaining to Corporate Governance of the Listing Agreement with the Stock Exchanges. The Company has filed its confirmation to that effect with the concerned Stock Exchanges. Adoption of Non-mandatory requirements of Clause 49 of the Listing Agreement are being reviewed by the Board from time to time.

9. CEO/CFO Certification:

The CMD has certified to the Board w.r.t. financial reporting, in the manner required under the Clause 49, concerning the Annual Financial Statement.

10. Means of communication:

- a) Quarterly results are published in leading daily newspapers viz, 'Business Standard'/'Financial Express'/'Asian Age'(English) and 'Dainik Lipi'(Bengali) The Annual report is posted to every Shareholder of the Company.
- b) Pursuant to Clause 51 of the Listing Agreement, all data relating to quarterly financial results, shareholding pattern etc. are posted on the SEBI's Electronic Data Information Filing and Retrieval System (EDIFAR) website www.sebiedifar.nic.in maintained by SEBI in association with the National Informatics Centre, within the time frame prescribed in this regard.
- c) Management's Discussion & Analysis Report forms part of this Annual Report, which is also being posted to all Shareholders of the Company.
- d) Official news releases are given to the press from time to time.
- e) Presentations to the institutional investors or to the analysts as and when required.

10. General Shareholders Information

10.1. Annual General Meeting:

- Date and Time : 21st August, 2009 at 10.0. A.M.
- Venue : Merchant's Chamber of Commerce, 2nd Floor, 15B, Hemanta Basu Sarani, Kolkata – 700 001

10.2 Financial Calendar (already published & tentative):

Results for quarter ending June 30, 2009	Last week of July, 2009
Results for quarter ending Sept 30, 2009	Last week of Oct, 2009
Results for quarter ending December 31, 2009	Last week of January, 2010
Results for year ending March 31, 2010 (Audited)	Last week of June, 2010
AGM for the year ending March 31, 2010	September, 2010

- 10.3. **Book closure date** : 17th August, 2009 to 21st August, 2009 (both day inclusive)
- 10.4. **Dividend payment date** : No dividend is recommended by the Board of Directors for the year
- 10.5. **Listing of Equity Shares on** : Bombay Stock Exchange Ltd. and The National Stock Exchange of India Ltd. The Company has paid Listing Fees for 2009-2010 to both the Stock Exchanges.
- 10.6. **(a) Stock Code** : National Stock Exchange: POLARIND EQ

Bombay Stock Exchange: 504288

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

10.7. Stock Market Price of the Company's share vis-à-vis Sensex

2008-2009 Month	National Stock Exchange (in Rs.)		Bombay Stock Exchange (in Rs.)		BSE SENSEX	
	High Price	Low Price	High Price	Low Price	High	Low
April, 2008	9.85	8.60	9.80	8.56	17480.74	15297.96
May, 2008	9.60	8.05	9.65	8.21	17735.70	16196.02
June, 2008	9.30	6.50	8.80	6.13	16632.72	13405.54
July, 2008	8.45	5.65	8.12	5.81	15130.09	12514.02
August, 2008	12.55	5.60	12.55	6.31	15579.78	14002.43
September, 2008	10.00	7.60	10.11	7.33	15107.01	12153.55
October, 2008	7.50	5.90	7.49	5.16	13203.86	7697.39
November, 2008	5.90	4.00	5.42	3.84	10945.41	8316.39
December, 2008	4.80	3.95	4.53	3.76	10188.54	8467.43
January, 2009	4.90	3.65	4.79	3.65	10469.72	8631.60
February, 2009	4.40	3.65	4.27	3.61	9724.87	8619.22
March, 2009	4.00	3.45	4.15	3.31	10127.09	8047.17

10.8. Registrar and Transfer Agents :

M/s. MCS Limited 77/2A, Hazra Road, Kolkata - 700 029 (Tel. No.:-2476-7350/51/52/53, 2454-1892/3), a SEBI registered Registrar, are the Registrar & Share Transfer Agent of the Company and are processing the transfers, sub-division, consolidation, splitting of securities, etc. The Company's shares can be traded in the Stock Exchanges only in the dematerialized form and any request for dematerialization and rematerialisation should be sent directly to M/s. MCS Limited, 77/2A, Hazra Road, Kolkata - 700 029. The Company has already entered into agreements with NSDL and CDSL for the purpose of dematerialization of shares.

Demat ISIN Number in NSDL and CDSL : **INE 057B01010**

10.9. Share Transfer System

Presently, the request for 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.

10.10 Shareholding Pattern and Distribution of Shareholding as on 31st March, 2009:

Shareholding Pattern as on 31st March, 2009:

Shareholders	No of shareholders	No of shares held	Percentage to total issued shares
Promoter Group	13	7918470	43.68
Financial Institution/ Banks/ Mutu Funds	11	3847518	21.22
NRIs	23	9320	0.05
Private Bodies Corporate	230	1833839	10.12
Individual Public	9463	4518621	24.93
T O T A L	9740	18127768	100.00

Distribution of Shareholding as on 31st March, 2009:

Range of Shares		No. of Shares	No. of Folios	Percent Shares	Percent Folios
1	- 500	965774	8783	5.3276	90.0174
501	- 1000	381758	464	2.1059	4.7556
1001	- 2000	355030	236	1.9585	2.4188
2001	- 3000	171559	67	0.9464	0.6867
3001	- 4000	83226	23	0.4591	0.2357
4001	- 5000	175790	37	0.9697	0.3792
5001	- 10000	478855	64	2.6416	0.6559
10001	- 50000	791162	39	4.3644	0.3997
50001	- 100000	816703	11	4.5053	0.1127
And above		13907911	33	76.7216	0.3382
TOTAL		18127768	9757	100.00	100.00

10.11 Dematerialization of Shares:

As per the notification issued by SEBI, the shares of the Company are traded compulsarily in dematerialized form by all investors w.e.f. 28.11.2000 (in NSDL) and 22.12.2000 (in CDSL). As on 31st March, 2009, 61% of the Company's paid up equity representing 11130413 shares were held in demat form.

No. of shares in physical segment	6997355	39 %
No. of shares in demat segment	11130413	61 %

The break up of unlisted 69,97,355 Equity Shares held in physical form are as under:-

The Company allotted 25,04,500 equity shares (bearing distinctive nos.11130414-13634913) on 29.07.04 in physical form. The Company did not receive in-principal approval for listing of 25,04,500 equity shares on Bombay Stock Exchange & National stock Exchange. The Company is following up the matter with the Stock Exchanges for obtaining in principle approval for listing of shares which is still pending due to some of the shares of allottees still being in physical form which are lying pledged with FI & Bank.

The Company converted Warrants into 44,92,855 Equity Shares (bearing distinctive nos.13634914-18127768) on 20.08.07 and issued the same in physical against allotment of 70,00,000 warrants issued on 14th October, 2005. The Company vide its letter dated 11.06.2008 had applied to Bombay Stock Exchange & National Stock Exchange for in-principal approval for final listing of the same. The in-principal approval for Final listing of the same is pending as on date.

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

The Company has not issued any GDRs, ADRs. However 39,00,000 Zero Coupon Convertible Warrants carrying a right to subscribe to an equal number of equity shares at a price of Rs.11.51 including premium of Rs.1.51 have been issued on 21.04.2008 to the Associates of Promoters on preferential basis. These warrants are convertible into equity shares within 18 months from the date of allotment and the conversion shall be spread across 2 Financial Years i.e. 2009-10 & 2010-11 in a manner so as not to increase the total voting power of the Promoters by more than 5 % in a Financial Year.

As settlement of part of its dues to Asset Reconstruction Company India Limited (ARCIL), the Company issued 30,74,300 Equity Shares to ARCIL on Preferential basis so as to give ARCIL equal to 14.5% of the post expanded capital with face value of Rs.10 each on 12.08.2008.

In order to meet the part working capital requirements, the Company issued 4,00,000 (Four Lacs) Zero Coupon Convertible Warrants at a price of Rs.11.51 including premium of Rs.1.51 to Eight Capital India (M) Limited on Preferential and Private placement basis on

12.08.2008. The Warrant holders have the option to convert their warrants into Equity Shares of a face value of Rs.10 each within 18 months from the date of allotment of such warrants.

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

10.14. Investor Correspondence

For Transfer/Dematerialisation of shares : MCS Limited
payment of dividend on shares, interest : 77/2A, Hazra Road
and redemption of debentures, and any : Kolkata - 700 029
other query relating to the shares and : Ph. No.:(033) 2476-7350/1/2/3
debentures of the company : (033)2454-1892/3

For shares held in dematl form : To the Depository Participant

Any query on Annual Report : Secretarial Department
Polar Industries Ltd.
113, Park Street, 8th Floor
Kolkata - 700 016
cs@polarinc.com

11. 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

The Chairman of the Company being 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, being 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 Company has not adopted any Whistle Blower Policy. However, the Company promotes ethical behaviour in all its business activities and has put in place mechanism of reporting illegal or unethical behaviour. Employees are free to report to the management, concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy. The Directors and Senior management are obliged to maintain confidentiality of such reportings and ensure that the whistle blowers are not subjected to any discriminatory practices.

No person has been denied access to the Audit Committee.

**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 March 31st, 2009.

Place : Kolkata
Date : 26th June, 2009

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 period ended 31st March, 2009, 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) No annual operating plans & budget was placed before the board except for the period January, 2009 to March, 2009.
- (ii) Code of Conduct of the Company has not been posted on the website of the Company.
- (iii) Company does not have risk assessment and minimization procedure to inform the board members.

We certify that *subject to clause (i) to (iii) above*, the Company has complied with the conditions of Corporate Governance as stipulated in above mentioned Listing Agreement except to the extent specified, herein above and 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.

Place: Kolkata
Date : 26th June, 2009

For SINGHI & CO.
Chartered Accountants
B. K. SIPANI
Partner
Membership No. 88926

