

REPORT ON CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges in India, the details of Corporate Governance and processes including compliances by the Company with the provisions of Clause 49 are as follows:

1. Company's philosophy on Code of Governance

The quintessential elements of Corporate Governance are fairness, transparency, accountability and responsibility. At Polyplex, the emphasis is on:

- (a) Enhancement of Shareholder value.
- (b) Protection of the interest of the public shareholders.
- (c) Long-term financial health of the Company.
- (d) Providing customers with quality products and services at competitive prices.
- (e) Environment friendly production methods.
- (f) Providing for fair wage and safe working condition for employees and inviting inputs from employees in decision-making.
- (g) Contribution to the socio-economic development of the local community.

2. Board of Directors

(a) Composition:

The Board is well structured with an adequate

blend of Executive and Non-Executive Directors. The Board consists of 9 (Nine) Directors of which 2 (Two) are Executive Directors and 7 (Seven) are Non-executive Directors. Non-executive Directors include the Chairman and one nominee director of IDBI, all of whom are Independent Directors except Shri Sanjiv Saraf and Shri Sanjiv Chadha who are from Promoters' Category. The Non-executive Directors bring independent judgment in the Board's deliberations and decisions. The Chairman of the Company is a Non-executive Director from the Promoters' Category.

(b) Non-Executive Directors' compensation

Non-Executive Directors of the Company are paid sitting fee @ Rs.20,000/- per meeting of the Board or any Committee thereof, in addition to reimbursement/provision of traveling/stay expenses as per Rules of the Company.

(c) Board Meetings

During the financial year 2009-10, Six Board Meetings were held on June 26, 2009, July 31, 2009, August 21, 2009, October 30, 2009, November 30, 2009 and January 30, 2010.

Attendance of each director at the Board meetings and the last AGM and number of other Boards or Board Committees in which he is a member or Chairperson across various companies is as follows:

Name of Director	Category of Directorship	No. of Board Meetings Attended	Attendance at the last AGM	No. of Other Directorships**	Other Committee Memberships***	
					Member	Chairman
Sarvashri						
Sanjiv Saraf, Chairman	Promoter, Non-Independent Non Executive	6	Yes	7	1	1
Sanjiv Chadha	Promoter Non-independent Non Executive	3	No	Nil	Nil	Nil
Pranay Kothari, Executive Director	Non-Independent, Executive	4	No	4	1	1
Ranjit Singh, Chief Operating Officer	Non-Independent, Executive	5	Yes	Nil	Nil	Nil
S.G. Subrahmanyam, Vice Chairman	Independent, Non Executive	3	No	1	1	-
O.P. Mehra	Independent, Non Executive	4	No	3	2	1

B.K. Soni	Independent, Non Executive	6	No	1	Nil	Nil
Suresh I. Surana	Independent, Non Executive	3	No	2	Nil	Nil
Ravi Kumar	Nominee of IDBI, Independent Non Executive	3	No	Nil	Nil	Nil

** No. of Directorship/Membership held in other Companies excludes directorship/Membership in Private Companies, Foreign Companies and Section 25 Companies.

*** For determining the membership of Committees only Audit Committee and Shareholder/Investor Grievance Committee have been considered.

None of the Directors of the Company is a member in more than 10 committees or acts as Chairman of more than five committees across all companies in which he is a director.

(d) Details of shares held by Directors in the Company are as follows:

Name of Director	No. of shares held as on 31.3.2010
Shri Sanjiv Saraf	23,069
Shri Sanjiv Chadha	2,000
Shri Suresh I. Surana	100

(e) Information placed before the Board includes

The Board is supplied with the necessary information as stipulated in Annexure IA of Clause 49 of the Listing Agreement, to the extent applicable

(f) Review of Compliance Report

Compliance Report signed by an Executive Director is placed before the Board at every Board Meeting.

(g) Code of Conduct

The Board of Directors of the Company has approved a 'Code of Conduct' for all Board members and Senior Management. The Code has been circulated to all the members of the Board and Senior Management and they have affirmed the compliance of the same. A copy of the Code of Conduct is also posted on the website of the Company viz. www.polyplex.com

A confirmation from the Executive Director/ Chief Executive Officer affirming Compliance

of the Code of Conduct by the members of the Board/Senior Management forms part of this report.

3. Finance Committee

(a) Constitution

The Board has constituted a Finance Committee comprising of following Directors viz. Shri Sanjiv Saraf, Shri Pranay Kothari, Shri O.P. Mehra and Shri B.K. Soni to decide, inter-alia, financial matters of the Company by way of loans, working capital facilities and incidental matters. Shri Sanjiv Saraf is the Chairman of the Committee.

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

(b) Meetings of the Finance Committee

During the year five meetings of the Finance Committee was held on April 27, 2009, August 21, 2009, November 20, 2009, January 30, 2010 and March 30, 2010.

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

Name of Member	Meeting attended
Shri Sanjiv Saraf	4
Shri Pranay Kothari	5
Shri O. P. Mehra	4
Shri B.K. Soni	5

4. Audit Committee

(a) Constitution:

The Audit Committee comprises of following Independent and Non-Executive Directors viz.

Shri S.G. Subrahmanyam, Shri O.P. Mehra, Shri B.K. Soni and Shri Ravi Kumar. Shri S.G. Subrahmanyam is the Chairman of Audit Committee. All the members of Audit Committee are financially literate within the meaning of Clause 49 of the Listing Agreement.

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

Statutory Auditor and Internal Auditor are invitees to Audit Committee meetings.

(b) Meetings of Audit Committee

During the financial year 2009-10, four meetings of Audit Committee were held on June 26, 2009, July 31, 2009, October 30, 2009 and January 30, 2010. Attendance of the Members at the Audit Committee Meetings was as follows:

Name of Member	Meetings attended
Shri S.G. Subrahmanyam	3
Shri B.K. Soni	4
Shri O. P. Mehra	2
Shri Ravi Kumar	3

(c) Power and Role of Audit Committee

The Powers and Role of the Audit Committee, constituted by Board of Directors pursuant to Clause 49 of the Listing Agreement with Stock Exchanges, include the following:

- i. Powers :
 - (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 necessary.
- ii. Role :
 - (a) Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

- (b) Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- (c) Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- (d) Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
 - i. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of sub-section (2AA) of section 217 of the Companies Act, 1956.
 - ii. Changes, if any, in accounting policies and practices and reasons for the same.
 - iii. Major accounting entries involving estimates based on the exercise of judgment by management.
 - iv. Significant adjustments made in the financial statements arising out of audit findings.
 - v. Compliance with listing and other legal requirements relating to financial statements.
 - vi. Disclosure of any related party transactions.
 - vii. Qualifications in the draft audit report.
- (e) Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
- (f) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
- (g) Reviewing the adequacy of

internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.

- (h) Discussion with internal auditors any significant findings and follow up there on.
- (i) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- (j) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- (k) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
- (l) To review the functioning of the Whistle Blower mechanism, in case the same is existing.
- (m) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

(d) Review of information by Audit Committee

The Audit Committee mandatorily reviews the following information:

- i. Management discussion and analysis of financial condition and results of operations;
- ii. Statement of significant related party transactions (as defined by the audit committee), submitted by management;
- iii. Management letters/letters of internal control weaknesses issued by the statutory auditors;
- iv. Internal audit reports relating to internal control weaknesses;

- v. The appointment, removal and terms of remuneration of the Chief internal auditor is subject to review by the Audit Committee;
- vi. Financial Statements and in particular the investments made by the unlisted subsidiaries of the Company; and
- vii. Significant Related Party Transactions on quarterly basis.

5. Remuneration Committee and Remuneration to Directors

(a) Composition:

The Board of Directors have constituted Remuneration Committee comprising of three Independent and one Promoter, all of whom are Non Executive Directors i.e. Shri Sanjiv Saraf, Shri S.G. Subrahmanyam, Shri O.P. Mehra and Shri B.K. Soni. Shri Sanjiv Saraf (from promoter category) is the Chairman of the Committee.

The remuneration committee has been constituted to recommend to the Board the remuneration for the Whole Time/Executive Director(s) of the Company.

During the year five meetings of the Remuneration Committee took place on July 31, 2009, August 21, 2009, October 30, 2009, November 30, 2009 and January 30, 2010.

Name of Member	Meetings attended
Shri Sanjiv Saraf	5
Shri S G. Subrahmanyam	2
Shri O. P. Mehra	4
Shri B.K. Soni	5

(b) Details of Remuneration and other terms of appointment of Directors:

i. Executive Director

a. Shri Pranay Kothari

Shri Pranay Kothari has been reappointed as Executive Director of the Company for a period of three years w.e.f. September 7, 2009. The details of the remuneration paid to Shri Pranay Kothari, Executive Director during the year 2009-10 are given below:

Salary and Allowances	Rs. 71,92,520
Perquisites	Rs. 5,85,297
Total	Rs. 77,77,817

Service contract of Shri Pranay Kothari is for three years expiring on September 6, 2012. The appointment of Shri Pranay Kothari as Whole Time Director may be terminated by either party after giving to the other six calendar months notice in writing. No payment on account of severance fees has been stipulated.

No performance linked incentive has been paid to Shri Pranay Kothari during the year.

b. Shri Ranjit Singh

Shri Ranjit Singh has been appointed as Whole Time Director of the Company for a period of three years w.e.f. July 13, 2007. The details of the remuneration paid to Shri Ranjit Singh, Executive Director during the year 2009-10 are given below:

Salary and Allowances	Rs. 1,11,00,525
Perquisites	Rs. 5,68,098
Total	Rs. 1,16,68,623

Service contract of Shri Ranjit Singh proposed by the Board of Directors is for three years expiring on July 12, 2010. The appointment of Shri Ranjit Singh as Whole Time Director may be terminated by either party after giving to the other six calendar months notice in writing. No payment on account of severance fees has been stipulated.

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

ii. Non-Executive Directors

Remuneration by way of Sitting Fees for attending meetings of the Board or any Committee(s) thereof are paid to Non-executive directors. The details of

payment of Sitting Fee to Non-Executive Directors during the year 2009-10 are given below:

Name of Non-Executive Director	Sitting Fee (Rs.)
Shri Sanjiv Saraf	6,00,000
Shri B.K. Soni	4,60,000
Shri O.P. Mehra	2,40,000
Shri S.G. Subrahmanyam	1,60,000
Shri Ravi Kumar*	1,20,000
Shri Sanjiv Chadha	60,000
Shri Suresh I. Surana**	60,000

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

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

** Amount aggregating to Rs.19,21,425/- was paid to firms in which Shri Suresh I. Surana is a partner towards professional fee, including service tax and reimbursement of expenses.

The Company has so far not issued any Stock options to any of the Directors.

6. Share Transfer cum Investors/Shareholders Grievance Committee

a) Composition:

The Board has constituted Share Transfer cum Shareholders'/Investors' Grievance Committee consisting of Shri Sanjiv Saraf, Non-Executive Director, Shri Pranay Kothari, Executive Director and Shri B.K. Soni, Non-Executive Director. The members of the Committee present elect the Chairman of the meeting. This Committee generally meets every fortnight.

The Committee, inter alia, looks into the Investors/Shareholders Grievances.

Shri A.K. Gurnani, Company Secretary is the Compliance Officer.

b) Meetings of Share Transfer Committee

During the financial year 2009-10, 20 such meetings were held.

Attendance of the Members at the Share Transfer cum Investors/Shareholders Grievance Committee Finance Committee Meetings was as follows:

Name of Member	Meetings attended
Shri Sanjiv Saraf	17
Shri Pranay Kothari	20
Shri B.K. Soni	5

c) Investor Grievance Redressal:

Complaints received from Investors/ shareholders are promptly attended to.

Status of complaints received, resolved and pending during the financial year is as follows:

Opening : 1 Received : 11
Resolved : 12 Pending : Nil

As on March 31, 2010, no request for registration of transfer of shares/ dematerialization was pending

7. Subsidiary Monitoring Framework

All the subsidiary companies of the Company are Board managed. As a majority shareholder, the Company reviews and monitors the performances of its subsidiaries by way of:

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

8. General Body Meetings

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

AGM	Financial Year	Date of Meeting	Location of the Meeting	Time
24th	2008-09	30.09.2009*	Registered Office at Khatima	10.00 a.m.
23rd	2007-08	26.09.2008	Registered Office at Khatima	10.00 a.m.
22nd	2006-07	15.09.2007	Registered Office at Khatima	11.00 a.m.

* Chairman of the Audit Committee could not attend the AGM.

During the previous financial year, no Extra Ordinary General Meeting was held.

- Special Resolutions passed in the previous three Annual General Meetings

Year/Date	Subject
2008-09/30.9.2009	Nil
2007-08/26.9.2008	Nil
2006-07/15.9.2007	Appointment of Shri Ranjit Singh as a Whole time Director – Chief Operating Officer of the Company for a period of three years w. e. f. July 13, 2007

- Whether Special Resolutions were put through postal ballot last year, details of voting pattern, person who conducted the postal ballot exercise, proposed to be conducted through postal ballot and procedures for postal ballot.

There was no Special Resolution which was required to be passed by postal ballot. No Special Resolution is proposed to be passed at the ensuing Annual General Meeting, by postal ballot.

9. Disclosures

- Disclosure on materially significant related party transactions i.e. transactions of the Company of material nature, with its Promoters, the Directors or the Management, their subsidiaries or relatives etc. that may have potential conflict with the interest of the Company at large.**

During the year, there were no transactions of material nature with the directors or the management or their subsidiaries or relatives that had potential conflict with the interest of the Company.

- 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.**

There are no 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.

- Whistle Blower policy and affirmation that no personnel has been denied access to the audit committee.**

They Company has not yet formulated Whistle Blower policy. No employee of the Company has been denied access to the Audit Committee to make any representation.

d) Details of compliance with mandatory requirements and adoption of the non-mandatory requirements of Clause 49 in all respect.

Company has complied with the mandatory requirements of Clause 49 and as regards non-mandatory requirements these would be adopted in due course of time.

e) Management Discussion and Analysis.

This Annual Report has a detailed section on Management Discussion and Analysis.

f) Re-appointment of Directors

As required by Clause 49 IV(G)(i) particulars of directors seeking reappointment are given In the Notice of the Annual General Meeting to be held on September 25, 2010.

10. CEO/CFO Certification

As required by the revised Clause 49 of the Listing Agreement, the Certificate from Shri Pranay Kothari, Executive Director was placed before the Board of Directors at their meeting held on July 20, 2010.

11. Means of Communication

- a. Quarterly results/returns and official news releases are furnished to Stock Exchanges

and are also put on the Company's Website www.polyplex.com .

- b. The quarterly and half yearly results are generally published in the 'The Economic Times' and 'Amar Ujala, Nainital'.
- c. Management Discussion and Analysis forms part of the Annual Report, which is posted to the shareholders of the Company.
- d. EDIFAR Filing

As per the requirements of Clause 51 of the Listing Agreement, all the data relating to quarterly financial results, shareholding pattern etc. are electronically filed on the EDIFAR website www.sebidifar.nic.in within the timeframe prescribed in this regard.

Declaration by the CEO under Clause 49 I (D) of the Listing Agreement regarding adherence to the Code of Conduct.

I hereby confirm that:

The Company has obtained from all the members of the Board and Senior Management, affirmation that they have complied with the Code of Conduct for Directors and Senior Management in respect of the Financial Year 2009-10.

Place : NOIDA
Date : July 20, 2010

Pranay Kothari
Executive Director

GENERAL SHAREHOLDERS INFORMATION

1. **Annual General Meeting Date & Time :** 25.09.2010 at 10.00 a.m. at the Registered Office at :
Lohia Head Road, Khatima-262 308
Distt. Udham Singh Nagar,
UTTARAKHAND
2. **Financial Year** April 1st, 2009 to March 31st, 2010
3. **Book Closure Date:** 20.09.2010 to 25.09.2010
(both days inclusive)
4. **Dividend Payment Date:** On or from 01.10.2010
5. **Listing on Stock Exchanges:**

Equity Shares of the Company are listed on following Stock Exchanges:

Bombay Stock Exchange Limited,
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai - 400 001

National Stock Exchange of India Limited,
Exchange Plaza, Plot No. C/1, G Block
Bandra Kurla Complex,
Mumbai - 400 051

Listing Fees for the year 2010-11 has been paid to above Stock Exchanges.

Calcutta Stock Exchange Association Limited has finally delisted the Equity Shares of the Company pursuant to the Company's application for voluntary de-listing of Shares made pursuant to SEBI (Voluntary De-listing of Shares) Guidelines.

6. **Scrip Code**

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

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

SCRIP CODE 524051
POLYPLEX
PLYP.BO
INE633B01018

7. Stock Market Data

Share prices on The Stock Exchange, Mumbai and the National Stock Exchange of India Ltd. during 2009-10 were as follows:

Months	Bombay Stock Exchange Limited			The National Stock Exchange of India Ltd.		
	High Price Rs.	Low Price Rs.	Volume Nos.	High Price Rs.	Low Price Rs.	Volume Nos.
April 2009	153.00	115.00	25190	154.00	114.80	45050
May 2009	188.00	133.50	34680	186.00	133.00	54102
June 2009	210.00	166.10	54969	205.00	162.00	98391
July 2009	193.00	165.00	49511	192.90	165.00	55268
August 2009	190.00	174.00	46740	189.65	173.40	82808
September 2009	214.00	181.10	228508	222.00	183.25	374799
October 2009	200.00	170.00	81447	194.00	170.00	95195
November 2009	183.80	164.00	30356	183.90	164.00	55931
December 2009	190.00	167.40	54576	192.00	168.00	61853
January 2010	210.00	184.10	373222	218.00	185.30	500687
February 2010	220.80	196.00	173743	221.35	196.50	195005
March 2010	207.00	189.00	94604	209.20	189.00	67284
Total			1247546			1686373

Source: www.bseindia.com and www.nseindia.com

8. Registrars and Share Transfer Agents:

MCS Ltd.,
 F – 65, Okhla Industrial Area,
 Phase I, New Delhi 110020
 Phone: (011) 41406149, Fax: (011) 41709881
 E-mail: admin@mcsdel.com

9. Share Transfer System:

All valid requests for transfer of shares are approved by Share Transfer Committee and given effect to within a period of 21 days.

10. Distribution of shareholdings as on 31.03.2010

Share holding in Number of Shares	Number of Shareholders	% of total Shareholders	Nominal Amount (in Rs.)	% of Total Nominal Amount
1 to 500	7720	90.36	10229820	6.40
501 to 1000	398	4.66	3283440	2.05
1001 to 2000	202	2.36	3147110	1.97
2001 to 3000	73	0.85	1837180	1.15
3001 to 4000	23	0.27	842880	0.53
4001 to 5000	35	0.41	1657060	1.04
5001 to 10000	36	0.42	2596360	1.62
10001 & above	57	0.67	136329150	85.24
Total	8544	100.00	159923000	100.00

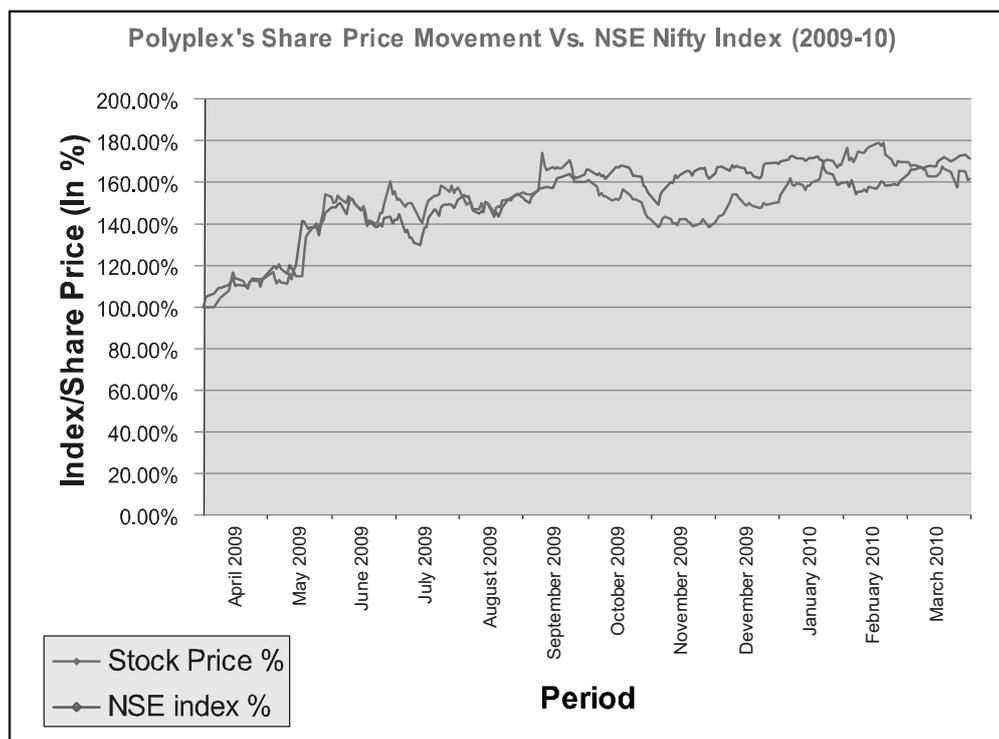
11. Categories of shareholders as on 31.03.2010

Category	No. of Shares held	Percentage of Shareholding
A Promoter's holding		
1. Promoters		
Indian Promoters :	924200	5.78
Foreign Promoters :	6581067	41.15
2. Persons acting in concert	0	0.00
Sub Total	7505267	46.93
B. Non-Promoters Holding		
3. Institutional Investors		
a. Mutual Funds and UTI	511300	3.20
b. Banks, Financial Institutions, Insurance Companies	340104	2.12
c. FII's	37951	0.24
Sub-Total	889355	5.56
4. Others :		
a. Private Corporate Bodies	2214768	13.85
b. Indian Public	3542550	22.15
c. NRIs/OCBs	1819360	11.38
d. Any other (Trusts)	21000	0.13
Sub-Total	7597678	47.51
Grand Total	15992300	100.00

Note: Total Foreign shareholding as at March 31, 2010 was 84,38,378 shares constituting 52.77%

Above shareholding is as per shares held in physical form and details of Beneficial Owners received from NSDL/ CDSL.

12. Stock Performance of the Company in comparison to NSE Nifty



13. Dematerialisation of shares and liquidity

Shares of the Company are available for dematerialisation and are being traded in dematerialised form by all investors w.e.f. April 30, 2001. Shareholders of the Company are advised to avail the facility of electronic shares through dematerialisation of physical scrips by opening an account with any of the recognized Depository Participants.

Status of Dematerialisation as on March 31, 2010

Particulars	No. of shares	% of Total Capital	No. of Accounts
National Securities Depository Limited	13821646	86.42	5016
Central Depository Services (India) Limited	419093	2.62	1421
Total Dematerialised	14240739	89.04	6437
Physical	1751561	10.96	2107
Grand Total	15992300	100.00	8544

The Company has not issued GDRs and there are no convertible bonds outstanding as at the year-end.

The Company had issued 16,50,000 nos. warrants on preferential basis to a Promoter Group Company which entitled the holder to apply for equal number of equity shares at a price of Rs.152/- per shares at any time upto April 30, 2009, Since the allottee/holder of these warrants did not exercise the option, the upfront consideration of 10% amounting to Rs.250.80 lacs paid by the applicant has been forfeited.

14. Plant Locations

The Company's Polyester Chips and Polyester / Coated Film manufacturing facility are located at :-

Lohia Head Road Village Amau Khatima - 262 308 Distt. Udham Singh Nagar Uttarakhand	and	Plot No.227 MI - 228 MI Banna Khera Road Village Vikrampur Tehsil Bazpur - 262 401 Distt. Udham Singh Nagar Uttarakhand.
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15. Investor Correspondence

For any assistance regarding share transfers, transmissions, issue of duplicate share certificate(s), change of address, non-receipt of dividend, issue of duplicate dividend warrants, dematerialisation of shares etc., please contact / write to:-

Shares Department Polyplex Corporation Limited Lohia Head Road, Khatima 262308 Distt. Udham Singh Nagar, Uttarakhand	or	Shares Department, Polyplex Corporation Limited B-37, Sector -1, NOIDA 201301, Gautam Budh Nagar, Uttar Pradesh
Phone: (05943) 250136 Fax : (05943) 250281 Email: investorrelations@polyplex.com		Phone: (0120) 2443716 to 19 Fax : (0120) 2443723 & 24