

REPORT ON CORPORATE GOVERNANCE

The Company is firmly and sincerely committed to the principles of good Corporate Governance and has taken all possible steps to enhance the interest of Shareholders, Employees, Customers and the Nation. Your Company believes in conducting the business in the most ethical way and that is the way in which it has conducted itself all these years and would continue to do so.

I. BOARD OF DIRECTORS

The Company is managed by the Board of Directors. Sri.A.Rammohan Raja is the Managing Director. He is assisted by Sri.R.Ramji, Joint Managing Director in the day to day affairs of the Company. The Board consists of eight Directors out of whom six are Non-executive Directors. There are Four independent Directors, who are eminent persons in the field of Banking, Finance, Management, Industry and Business.

The Board consists of Eight Directors:

Name of the Directors	Category	Number of Other Directorship held	
		PUBLIC	PRIVATE
1) Sri.A.RAMMOHAN RAJA	Executive – Managing Director	1	3
2) Sri.K.LAKSHMI NARAYANAN	Non-Executive/ Independent	---	1
3) Sri.S.R.SUBRAMANIAN	Non-Executive	1	1
4) Sri. S. RENGANATHAN (With effect from 21.10.2011)	Non-Executive/ Independent	---	1
5) Sri.A.THIRUPPATHY RAJA	- do -	---	---
6) Sri.S.SANKAR	- do -	---	2
7) Sri.S.V.RAVI	Non-Executive	1	2
8) Sri.R.RAMJI	Executive – Joint Managing Director	1	1

Five Meetings of the Board of Directors of the Company was held during the year 2011-2012 on 29.04.2011, 29.07.2011, 05.09.2011, 21.10.2011 and 23.01.2012.

Name of the Directors	Attendance at the Board Meeting	Attendance at Last AGM
1) Sri.A.RAMMOHAN RAJA	5	Yes
2) Sri.K.LAKSHMI NARAYANAN	5	No
3) Sri.S.R.SUBRAMANIAN	5	Yes
4) Sri. S. RENGANATHAN (With effect from 21.10.2011)	1	NA
5) Sri.A.THIRUPPATHY RAJA	5	Yes
6) Sri.S.SANKAR	5	Yes
7) Sri.S.V.RAVI	5	Yes
8) Sri.R.RAMJI	4	Yes

II. BRIEF RESUME OF THE DIRECTORS SEEKING RE-APPOINTMENT :

Name of the Director	Sri K. Lakshminarayanan		Sri. S.R. Subramanian	
Age (Years)	79		69	
Date of Appointment	15.10.1994		01.02.1985	
Expertise in specific functional area	Retired Bank Executive		Banking and Securities	
Qualification	B.Com., C.A.I.I.B.,		M.Sc.,	
List of outside Directorship held	PUBLIC	PRIVATE	PUBLIC	PRIVATE
	---	1	1	1
Chairman / Member of the Committee of the Board of Directors of the company	Chairman of Audit Committee		Chairman of Shareholders / Investors Grievance Committee	
Chairman / Member of the Committee of Directors of other Companies	NIL		NIL	

III. AUDIT COMMITTEE :

Terms of Reference :

The Terms of Reference of the Audit Committee pertains to the areas referred to in Sec. 292A of the Companies Act and Clause 49 of the Listing Agreement with the Stock Exchange. The Audit Committee consists of Sri.K.Lakshmi Narayanan (Chairman of the Committee), Sri.S.V.Ravi, and Sri.S.Sankar. Sri.P.S.Ramanathan is the Secretary of the Committee.

The Audit Committee met four times during the financial year on 29.04.2011, 29.07.2011, 21.10.2011 & 23.01.2012.

IV. SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE :

The Company has formed an Investors / Shareholders Grievance Committee consisting of Sri.S.R.Subramanian (Chairman of the Committee), Sri.A.Thirupathy Raja, and Sri.R.Ramji. Sri.P.S.Ramanathan is the Compliance Officer.

The Committee met four times during the financial year on 29.04.2011, 29.07.2011, 21.10.2011 & 23.01.2012.

No. of shareholders queries / complaints received during 2011-12	-	57
No. of Complaints / queries not solved to the satisfaction of Shareholders	-	Nil
No. of Pending Share Transfer	-	Nil
No. of Pending Change of Address	-	Nil

V. REMUNERATION COMMITTEE:

A Remuneration Committee under the provisions of Schedule XIII of the Companies Act, 1956 and the Listing Agreement has been constituted with the three Non-executive / Independent Directors, namely Sri K.Lakshmi Narayanan, Sri S. Renganathan and Sri A.Thirupathy Raja as members. Sri P.S.Ramanathan is the Secretary of the committee. Based on the approval accorded by the Remuneration Committee, the Board of Directors determine the Remuneration payable to the Managing Director which is subject to the approval of the shareholders.

VI. REMUNERATION OF DIRECTORS :

- 1) Details of Remuneration paid to the Managing Director during the year 2011-12 are given below:

<u>Name and Designation</u>	<u>Salary & Perquisites (Rupees in Lakhs)</u>
Sri.A.Rammohan Raja, Managing Director	27.03

No Commission has been paid to the Managing Director, though he is eligible.

No Stock option is provided.

- 2) Sri R.Ramji, Joint Managing Directors does not draw any remuneration.
- 3) The Non-Executive Directors do not draw any remuneration and no sitting fee has been paid for attending the meeting of the Board and Committee.

VII. Disclosure of Shareholding of Non-Executive Directors

Name of the Non-Executive Directors	No. of Shares
1) Sri.K.LAKSHMI NARAYANAN	7,500
2) Sri.S.R.SUBRAMANIAN	68,500
3) Sri. S. RENGANATHAN	1,000
4) Sri.A.THIRUPPATHY RAJA	500
5) Sri.S.SANKAR	1,500
6) Sri.S.V.RAVI	6,300

VIII. Disclosure of Relationship of the Directors :

Sri A.Rammohan Raja, Managing Director is the father of Sri R.Ramji, Joint Managing Director and Father-in-Law of Sri S.V.Ravi. Except this there is no other relationship among the Directors.

IX. WHISTLE BLOWER POLICY :

A forum to enable the concerned personnel of the Company to report any deviation or other acts which are against the general code of conduct of personnel, business and other activities has been created.

X. RISK MANAGEMENT

The Company has laid down a Risk Management Policy and Procedure to inform the Board Members about the Risk assessment and minimization process, which is a vigorous and active process for identification and mitigation of risks.

Audit Committee as well as the Board of Directors have adopted the Risk Management Policy and the Audit Committee reviews the risk management and mitigation plan from time to time.

XI. DISCLOSURES :

Disclosures on materially significant, related party transactions i.e., transaction 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 Company at large : **NIL**

The companies in which the Non-executive Directors are holding the Directorship are considered Related parties as per Accounting Standard 18 issued by the Institute of Chartered Accountants of India and the transaction with such companies are disclosed in Schedule No. 22 Point No. 5, Notes forming part of the accounts.

Details of non compliance by the company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years : **NIL**

XII. GENERAL BODY MEETING :

Details of the Date, Location and Time of the last three AGM

Date	Venue	Time
22.08.2009	Sri Arjuna Manthiram, Rajapalayam	9.30 A.M
03.09.2010	- do -	9.30 A.M
05.09.2011	- do -	9.30 A.M

Postal Ballot

No special Resolution requiring Postal Ballot as required by the Companies (passing of the resolutions by postal ballot) Rules, 2001 / Clause 49 of the Listing Agreement has been placed for Shareholders approval at the last Annual General Meeting and the company is not proposing any special resolution to be taken up at the ensuing Annual General Meeting through postal ballot.

XIII. MEANS OF COMMUNICATION :

Quarterly results and Half yearly results are generally published in Business Line (English) and Dinamalar (Tamil).

Tentative Schedule for Publication of Financial Results of the Company

Unaudited results for the First Quarter	-	15 th to 31 st July
Unaudited results for the Second Quarter	-	15 th to 31 st October
Unaudited results for the Third Quarter	-	15 th to 31 st January
Unaudited results for the Fourth Quarter	-	15 th to 30 th April

XIV. MANAGEMENT DISCUSSION AND ANALYSIS

The matters that are required to be discussed as per the Listing Agreement in respect of Management Discussion and Analysis has been stated in the Directors Report.

XV. SHAREHOLDERS INFORMATION :

1. **FINANCIAL CALENDER** : **Year ended March 31, 2012**
2. **ANNUAL GENERAL MEETING** : **TWENTY SEVENTH**
3. **DATE & TIME** : **17th September. 2011 - 9.30 A.M**
4. **VENUE :** Sri.Arjuna Manthiram,
No.12, Sri Krishna Colony,
P.A.C.R. Salai, Rajapalayam – 626 117.
5. **DATE OF BOOK CLOSURE** : **08.09.2012 to 17.09.2012**
(Both Days inclusive)
6. **LAST DATE FOR RECEIPT OF PROXY FORM** : **15.09.2011 – 9.30 A.M.**
7. **DIVIDEND PAYMENT DATE** : **Date of AGM**
8. **LISTED STOCK EXCHANGE** : The Madras Stock Exchange, Chennai,

The Company has paid Annual Listing fee to the above Stock Exchange for the financial year 2012-2013

9. The company's Shares are permitted to be traded in Bombay Stock Exchange under INDONEXT Plat form with effect from 15.05.2006.

10. **STOCK CODE :** 1. BSE - 590055 2. MSE - PSK
(INDONEXT)

11. **STOCK PRICE PERFORMANCE :**

The Share price movement in Bombay Stock Exchange is given below.

Month		High (Rs.)	Low (Rs.)
April	2011	21.00	18.75
May	2011	21.85	17.60
June	2011	20.95	17.15
July	2011	21.20	17.05
August	2011	22.25	18.70
September	2011	23.85	19.55
October	2011	23.00	17.00
November	2011	21.95	17.90
December	2011	21.25	16.05
January	2012	21.35	15.70
February	2012	22.30	16.70
March	2012	19.65	17.25

Source : BSE website

Note : There is no trading in Madras Stock Exchange.

12. **SHARE TRANSFER SYSTEM :**

The Transfers are normally processed within 30 Days from the date of receipt, if the documents are complete in all respects. The Committee consisting of Two Directors Sri R.Ramji, Sri S.V.Ravi & Company Secretary Sri P.S.Ramanathan are empowered to approve the share transfer.

There are no pending Share Transfer as on 30.07.2012.

The physical share transfer work has been entrusted with M/s.Integrated Enterprises (India) Ltd., who are the Depository Registrar.

The transfer of shares in Electronic form are processed and approved by NSDL / CDSL through their Depository Participants.

13. **DEPOSITORY REGISTRAR :**

M/s. Integrated Enterprises (India) Ltd.,
2 nd Floor, Kences Tower, No.1, Ramakrishna Street, North Usman Road, T.Nagar,
Chennai – 600 017. Phone No: 044 – 28140801

14. **NAME OF THE DEPOSITORY** : National Securities Depository Ltd.
Central Depository Services (India) Ltd.

15. **ISIN NO.** : I N E 9 1 4 G 0 1 0 1 1

16. **DEMATERIALISATION OF SHARES AS ON 31.03.2012** : A total number of 21,01,110 shares, the face value of which is Rs. 2.10,11,100 have Been dematerialised. This forms 52.53% of the total paidup share capital.

17. **INVESTOR CORRESPONDENCE FOR TRANSFER, PAYMENT OF DIVIDEND ON SHARES OR ANY OTHER QUERY RELATING TO THE SHARES OF THE COMPANY :** REGISTERED OFFICE:
No.351, P.A.C.R.Salai,
Rajapalayam – 626 117.
Phone No. 04563 – 221554
18. **NAME AND ADDRESS OF THE COMPLIANCE OFFICER :** Shri. P.S.Ramanathan, B.Com., B.L., A.C.S.,
Company Secretary,
No.351, P.A.C.R. Salai,
Rajapalayam – 626 117.
Phone No. 04563 – 221554
19. A separate email ID has been created to facilitate the shareholders to redress their grievances. The email ID is : polypinexportscs@gmail.com
20. **PLANT LOCATION :**
- i) 100% EOU – PP Woven FIBC Bags : No.1, Railway Feeder Road,
Cholapuram South. Rajapalayam (via),
Tamilnadu.
- ii) OE Yarn Unit : PEL Textiles,
206 B/1, Sankarankovil Road,
Cholapuram South,
Rajapalayam (via).
21. **RANGEWISE HOLDINGS :**

RANGE	2011-2012 No. of Shareholders	2011-2012 (%)	2010-2011 (%)
1-500	3835	21.29	21.97
501-1000	531	11.05	11.57
1001-2000	183	6.99	7.46
2001-3000	85	5.38	6.39
3001-4000	21	1.82	1.83
4001-5000	13	1.50	1.66
5001-10000	23	4.25	4.65
10001-and above	29	47.72	44.47
	4720	100.00	100.00