

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. R. Ramji, is the Managing Director. The Board consists of seven 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 Seven Directors:

| Name of the Directors | Category | Number of Other Directorship held | |
|-----------------------------|----------------------------------|-------------------------------------|---------|
| | | PUBLIC | PRIVATE |
| 1) Sri. A. RAMMOHAN RAJA | Executive - Managing Director | Up to 31 st January 2013 | |
| 2) Sri. K. LAKSHMINARAYANAN | Non-Executive/ Independent | --- | 1 |
| 3) Sri. S.R. SUBRAMANIAN | Non-Executive | 1 | 1 |
| 4) Sri S. RENGANATHAN | 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 - Managing Director | From 1st April - 2013 | |
| | | 1 | 1 |

Nine Meeting of the Board of Directors of the Company was held during the year 2012-2013 on 20.04.2012, 28.05.2012, 30.07.2012, 17.09.2012, 31.10.2012, 28.12.2012, 30.01.2013, 01.02.2013 and 28.03.2013.

| Name of the Directors | Attendance at the Board Meeting | Attendance at Last AGM |
|-----------------------------|---------------------------------|------------------------|
| 1) Sri. A. RAMMOHAN RAJA | 7 | No |
| 2) Sri. K. LAKSHMINARAYANAN | 8 | No |
| 3) Sri. S.R. SUBRAMANIAN | 8 | No |
| 4) Sri S. RENGANATHAN | 9 | Yes |
| 5) Sri. A. THIRUPPATHY RAJA | 9 | Yes |
| 6) Sri. S. SANKAR | 8 | Yes |
| 7) Sri. S.V. RAVI | 9 | Yes |
| 8) Sri. R. RAMJI | 9 | Yes |

II. BRIEF RESUME OF THE DIRECTORS SEEKING RE-APPOINTMENT

| | | | | |
|---|---|---------|--|---------|
| Name of the Director | Sri. A. Thiruppathi Raja | | Sri. S. Sankar | |
| Age (Years) | 65 | | 56 | |
| Date of Appointment | 06.07.2001 | | 06.07.2001 | |
| Expertise in specific functional area | Business | | Chartered Accountant and Management Consultant | |
| Qualification | B.A., | | F.C.A. | |
| List of outside Directorship held | PUBLIC | PRIVATE | PUBLIC | PRIVATE |
| | --- | --- | --- | 2 |
| Chairman / Member of the Committee of the Board of Directors of the company | Shareholders / Investors Grievance Committee (Member) | | Audit Committee (Member) | |
| 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. Lakshminarayanan (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 six times during the financial year on 20.04.2012, 28.05.2012, 30.07.2012, 31.10.2012, 30.01.2013 and 28.03.2013.

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.Thiruppathy Raja and Sri. R. Ramji. Sri. P.S. Ramanathan is the Compliance Officer.

The Committee met six times during the financial year on 20.04.2012, 28.05.2012, 30.07.2012, 31.10.2012, 30.01.2013 and 28.03.2013.

| | | |
|--|---|-----|
| No. of shareholders queries / complaints received during 2012-13 | - | 49 |
| 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.Lakshminarayanan, Sri.S.Renganathan and Sri. A.Thiruppathy 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 2012-13 are given below :

| <u>Name and Designation</u> | <u>Salary & Perquisites</u> <u>(Rupees in Lakhs)</u> |
|--|---|
| Sri. A. Rammohan Raja, Managing Director | 22.99 |

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

No Stock option is provided.

Sri. A. Rammohan Raja, expired on 31st January, 2013.

- 2) Sri R.Ramji was appointed as managing director with effect from 1st April, 2013 on remuneration of Rs. 2.50 Lakhs per month plus perquisites, subject to the approval of the shareholders at the ensuing Annual General Meeting.
- 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. LAKSHMINARAYANAN | 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 R. Ramji, Managing Director is the Brother-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 Note No.22 Point No.4 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 |
|------------|-----------------------------------|----------|
| 03.09.2010 | Sri Arjuna Manthiram, Rajapalayam | 9.30 A.M |
| 05.09.2011 | - do - | 9.30 A.M |
| 17.09.2012 | - 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, 2013**
2. ANNUAL GENERAL MEETING : **TWENTY EIGHTH**
3. DATE & TIME : **23rd September, 2013 - 9.30 A.M.**
4. VENUE : Sri Arjuna Manthiram,
No. 21/595, Sri Krishna Colony,
P.A.C.R. Salai, Rajapalayam - 626 117.
5. DATE OF BOOK CLOSURE : **14.09.2013 to 23.09.2013**
(Both days inclusive)
6. LAST DATE FOR RECEIPT OF PROXY FORM : **21.09.2013 - 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 for trading in Bombay Stock Exchange under INDONEXT Platform 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 2012 | 18.90 | 16.50 |
| May 2012 | 20.95 | 16.20 |
| June 2012 | 17.30 | 15.80 |
| July 2012 | 17.85 | 16.25 |
| August 2012 | 17.60 | 14.65 |
| September 2012 | 17.00 | 14.15 |
| October 2012 | 16.60 | 14.80 |
| November 2012 | 16.45 | 14.35 |
| December 2012 | 16.35 | 13.90 |
| January 2013 | 16.60 | 14.55 |
| February 2013 | 16.40 | 14.30 |
| March 2013 | 17.30 | 15.05 |

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 29.07.2013.

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 31.03.2013 : A total number of 25,22,160 shares, the face value of which is Rs. 2,52,21,600 have been dematerialised. This forms 63.05 % 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 : polyspinexportscs@gmail.com
20. PLANT LOCATION
- i) 100% EOU - FIBC Bags & Woven Bags Division : No.1, Railway Feeder Road,
Cholapuram South. Rajapalayam (Via),
Tamilnadu.
- ii) OE Yarn Unit - Division : PEL Textiles,
206 B/1, Sankarankovil Road,
Cholapuram South. Rajapalayam (Via)

21. RANGEWISE HOLDINGS

| RANGE | | 2012 - 2013 No. of Shareholders | 2012 - 2013 (%) | 2011 - 2012 (%) |
|-------|-------------|------------------------------------|--------------------|--------------------|
| 1 | - 500 | 3749 | 20.79 | 21.29 |
| 501 | - 1000 | 503 | 10.53 | 11.05 |
| 1001 | - 2000 | 178 | 6.79 | 6.99 |
| 2001 | - 3000 | 83 | 5.25 | 5.38 |
| 3001 | - 4000 | 20 | 1.75 | 1.82 |
| 4001 | - 5000 | 13 | 1.53 | 1.50 |
| 5001 | - 10000 | 21 | 3.89 | 4.25 |
| 10001 | - and above | 25 | 49.47 | 47.72 |
| | | 4592 | 100.00 | 100.00 |

22. CODE OF CONDUCT

The Board has laid down the Code of Conduct for the Directors of the Company and Senior Management of the Company
