

# POLYPLEX CORPORATION LIMITED

Registered Office :

Lohia Head Road, Khatima-262 308, Distt. Udham Singh Nagar, Uttaranchal

## Notice to Members

NOTICE is hereby given that the Twentyfirst Annual General Meeting of the members of Polyplex Corporation Limited will be held at the Registered Office of the Company at Lohia Head Road, Khatima 262308, Distt. Udham Singh Nagar, Uttaranchal, on **Thursday, 17th day of August, 2006 at 11.00 a.m.** to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2006 and the Profit & Loss Account for the year ended on that date together with the Reports of the Directors' and Auditors' thereon.
2. To declare dividend.
3. To appoint a Director in place of Shri Sanjiv Saraf who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in place of Shri B.K. Soni who retires by rotation and being eligible offers himself for reappointment.
5. To appoint Auditors and to fix their remuneration.

### SPECIAL BUSINESS

6. To consider and if thought fit to pass, with or without modification(s), the following resolution as an **Ordinary Resolution:**

"RESOLVED THAT the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, to mortgaging and/or charging by the Board of Directors of the Company of its all the immovable and movable properties of the Company relating to Polyester Film unit at Khatima, Distt. Udham Singh Nagar, present and future and the whole of the undertaking of the Company, to or in favour of following namely :

- i) State Bank of Mysore (SBM),
- ii) State Bank of Hyderabad (SBH)
- iii) State Bank of Patiala (SBP)

In connection with

- a. Rupee Term Loan of Rs.1500 Lacs sanctioned by SBM;
- b. Rupee Term Loan of Rs.1500 Lacs sanctioned by SBH;
- c. Rupee Term Loan of Rs.1300 Lacs sanctioned by SBP; and
- d. Working Capital Facilities aggregating to Rs.7400 Lacs assessed/sanctioned by consortium of Banks led by SBP.

together with interest thereon at the respective agreed rates, compound/additional interest, liquidated damages, commitment charges premia on prepayment or on redemption, cost, charges, expenses and all other monies in terms of their respective Letters of sanction/Loan Agreements/Heads of Agreements/General Conditions/Deeds of Hypothecation executed/to be executed by the Company in respect of the said Loans/facilities."

"RESOLVED FURTHER that charge(s) created and/or to be created, all agreements/ documents executed and/or to be executed and all acts done in terms of the above resolution by and with the authority of the Board of Directors are hereby confirmed and ratified."

7. To consider and if thought fit to pass, with or without modification(s), the following resolution as a **Special Resolution:**

"RESOLVED THAT Shri Pranay Kothari be and is hereby reappointed as whole time director designated as Executive Director of the Company for a period of three years with effect from **September 7, 2006.**"

"RESOLVED FURTHER THAT Shri Pranay Kothari shall be responsible for the management and control of the Company and shall act subject to the superintendence, control and direction of the Board of Directors and his appointment shall be subject to the terms and conditions as set out herein and subject to the provisions of Section 198, 269, 309, 310 read with Schedule

XIII and other applicable provisions, if any, of the Companies Act, 1956 (the Act) and subject to such sanctions, if any, as may be necessary in law : -

- a) Salary Rs.1,00,000/- per month.
- b) Special Allowance Rs.1,00,000/- per month.
- c) Performance Incentive : As may be decided by the Board/Remuneration Committee subject a ceiling of Rs.11,00,000 per annum.
- d) Perquisites : In addition to the salary as stated above, Shri Pranay Kothari shall be entitled to the following perquisites. These perquisites shall be evaluated as per Income Tax Rules wherever applicable and in the absence of any such rule, perquisites shall be evaluated at actual cost.

**PART A:**

- (i) Residential accommodation :  
Housing I

The Company shall provide rent-free furnished residential accommodation to Shri Pranay Kothari provided that the rent for unfurnished residential accommodation shall not exceed one hundred per cent of the salary over and above ten per cent payable by Shri Pranay Kothari.

Shri Pranay Kothari shall be entitled to the use of gas, electricity, water, furnishings etc., the expenditure on which shall be valued as per Income Tax Rules, 1962. The Company shall also incur expenses on the upkeep and maintenance of the residential accommodation.

**Housing II**

In case the accommodation provided to Shri Pranay Kothari is owned by the Company, 10% of his Salary shall be deducted by the Company.

**Housing III**

In case no accommodation is provided by the Company, Shri Pranay Kothari shall be entitled to house rent allowance subject to the ceiling laid down in Housing I.

- (ii) Medical benefits for self and family:  
Reimbursement of expenses actually

incurred for self and family including cost of medical insurance as per Rules of the Company.

- (iii) Leave :

As per Rules of the Company with full pay and allowances. Earned Leave accumulated but not availed of during the tenure shall be encashable as per Rules of the Company.

Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on remuneration, in the event of no profits or inadequate profits of the Company.

- (iv) Leave/Holiday Travel:

For self and family in accordance with the Rules of the Company.

- (v) Club Fees:

Fees of clubs subject to a maximum of two clubs.

- (vi) Personal Accident Insurance:

As per Rules of the Company.

**PART B:**

- (i) Company's contribution towards Provident Fund:

As per Rules of the Company, not exceeding 12% of the salary, as laid down under the Income Tax Rules, 1962.

- (ii) Company's contribution towards Superannuation fund:

As per Rules of the Company, but it shall not together with the Company's contribution to the Provident Fund exceed 25% of the salary, as laid down under the Income Tax Rules, 1962.

Contribution to Provident Fund and Superannuation fund will not be included in the computation of the ceiling on remuneration to the extent these either singly or put together are not taxable under the Income Tax Act.

- (iii) Gratuity:

One-half month's salary for each completed year of service as per rules of the Company.

The Gratuity will not be included in the computation of the ceiling on remuneration.

PART C:

(i) Car and Telephone

The Company shall provide to Shri Pranay Kothari car for use for Company's business and telephone at residence which will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purposes shall be billed by the Company to Shri Pranay Kothari."

"RESOLVED FURTHER THAT, the remuneration and the perquisites set out hereinabove be paid or granted to Shri Pranay Kothari as minimum remuneration, provided that the total remuneration by way of salary, perquisites and any other allowances shall not exceed the permissible limits as applicable to the Company as provided in Section II of Part II of Schedule XIII of the said Act , as amended from time to time."

"RESOLVED FURTHER THAT in the event of any statutory amendment or modifications or relaxation by the Central Government in Schedule XIII to the Companies Act, 1956, the Board of Directors/Remuneration Committee be and is hereby authorised to vary or increase the remuneration, including the salary, perquisites, allowances etc. within such prescribed limit or ceiling without any further reference to the Company in General Meeting."

"RESOLVED FURTHER THAT the appointment of Shri Pranay Kothari as Whole Time Director may be terminated by either party giving to the other six calendar months notice in writing."

By Order of the Board  
for **POLYPLEX CORPORATION LTD.,**

Date : June 13, 2006 **A.K. GURNANI**  
Place : NOIDA Company Secretary

**Notes :**

1. A MEMBER ENTITLED TO ATTEND AND VOTE IN THE ABOVE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND ON A POLL, TO VOTE INSTEAD OF HIMSELF. PROXY NEED NOT BE A MEMBER.
2. Proxies in order to be effective should be lodged with the Company at the Registered Office at least 48 hours before the commencement of the meeting.
3. The Register of Members and Share transfer books of the Company will remain closed from **12.8.2006 to 17.8.2006** (both days inclusive).
4. The dividend declared at the meeting will be made payable on or after 17.8.2006 to those Members, whose names are on the Register of Members as Beneficial Owners as at the end of business on 11.8.2006 as per the lists to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited in respect of the shares held in electronic form; and as Members in the Register of Members of the Company after giving effect to valid share transfers in physical form lodged with the Company on or before 11.8.2006.
5. Pursuant to Section 205C of the Companies Act, 1956, amount of unpaid/ unclaimed dividends for the following years have been transferred to Investor Education and Protection Fund (IEPF) (established by the Government of India):

Financial Year	Dividend	Declared on/ Record Date	Transferred to IEPF on
1995-96	10% Interim	11.1.1996	24.03.2003
1995-96	17.5% Final	7.9.1996	25.11.2003
1996-97	10% Final	30.9.1997	10.12.2004
1997-98	10% Final	31.8.1998	14.11.2005

6. With the insertion of new Section 205C in the Companies Act, 1956 by the Companies (Amendment) Act, 1999, inter alia, all unpaid dividends which have remained unclaimed for a period of seven years from the date they

became due for payment, are required to be transferred to the Investor Education and Protection Fund (established by the Government of India). Further, no claim shall lie against the Fund or the Company in respect of individual amounts which were unclaimed and unpaid for a period of seven years from the dates that they first became due for payment and no payment shall be made in respect of any such claims. Hence, shareholders are advised in their own interest to claim the unclaimed dividend for the Financial Year 1998-99 onwards, details whereof are given hereunder, from the Company failing which all unclaimed Dividends shall be transferred to the Investor Education and Protection Fund within the time prescribed under the law.

Financial Year	Dividend	Declared on/ Record Date
1998-99	8% Final	31.8.1999
1999-00	8% Final	30.9.2000
2000-01	10% Interim	14.3.2001
2000-01	5% Final	28.09.2001
2001-02	10% Interim	30.11.2001
2001-02	10% Final	29.7.2002
2002-03	10% Interim	12.11.2002
2002-03	15% Final	30.08.2003
2003-04	20% Interim	24.11.2003
2003-04	20% Final	31.08.2004
2004-05	50% Interim (including special dividend of 20%)	5.11.2004
2004-05	30% Final	16.08.2005
2005-06	30% Interim	15.11.2006

8. a) Members holding shares in physical form are requested to notify to the Company, change/ correction in their address quoting their folio number.
- b) **Members holding shares in dematerialized form are requested to notify to their Depository Participant, change/ correction in their address/ Bank Account particulars etc. as the Company uses the**

**information provided by the Depositories in respect of shares held in de-mat form.**

9. Details required under Clause 49 of the Listing Agreement with Stock Exchanges in respect of Directors seeking appointment/ reappointment at the Annual General Meeting are given in the Report on Corporate Governance.
10. Members/ proxy holders are requested to produce at the entrance the attached admission slips duly completed and signed for admission to the meeting hall.

**EXPLANATORY STATEMENT**

(Pursuant to Section 173(2) of the Companies Act, 1956)

**Item No. 6**

Section 293(1)(a) of the Companies Act, 1956 provides, inter alia, that the Board of Directors of a company shall not except with the consent of such public company in a general meeting, sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the company or where the company owns more than one undertaking the whole or substantially the whole of any such undertaking. Since the mortgage and/or charge created/to be created to secure (a) Rupee Term Loans aggregating to Rs.4300 Lacs sanctioned to the Company by State Bank of Mysore, State Bank of Hyderabad and State Bank of Patiala and (b) Working Capital facilities aggregating to Rs.7400 Lacs assessed/ sanctioned by consortium of Banks led by State Bank of Patiala, provides/ may provide power to take over the undertaking of the Company in certain events may be construed to be disposal of the whole or substantially the whole of the Company's undertaking at Khatima, Distt Udham Singh Nagar, Uttaranchal, it is considered advisable that the creation of mortgage and/or charge should be approved by the members pursuant to Section 293(1)(a) of the Act.

The resolution set out at Item No. 6 is to be considered accordingly and the Board recommends the same for approval.

None of the Directors is concerned or interested in this resolution.

### Item No. 7

Shri Pranay Kothari was appointed as whole time Director designated has Executive Director for a period of five years with effect from September 7, 2001. Shri Pranay Kothari aged about 47 years is an independent professional director of the Company. Shri Pranay Kothari is a qualified Chartered Accountant and Company Secretary. He has been the whole time Director of the Company for the past about 10 years. Keeping in view his long association with the Company, his expertise, qualifications and experience as also the increased responsibilities of Shri Pranay Kothari on account of expansion and diversification plans undertaken/to be undertaken by the Company, the Board of Directors has decided to recommend for

your approval reappointment and payment of remuneration as stated in the resolution with effect from **September 7, 2006 to September 6, 2009**

The terms of remuneration as stated in the resolution may be regarded as an abstract of the terms of contract and memorandum of concern or interest for the purpose of Section 302 of the Companies Act, 1956.

No other Director except Shri Pranay Kothari is interested in this resolution.

By Order of the Board  
for **POLYPLEX CORPORATION LTD.,**

Date : June 13, 2006      **A.K. GURNANI**  
Place : NOIDA                      Company Secretary

### ANNEXURE, FORMING PART OF THE EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION II ( C ) OF PART II OF SCHEDULE XIII OF THE COMPANIES ACT, 1956.

#### I. General Information

##### (1) Nature of Industry

The Company is engaged in the manufacture and sale of PET Chips and PET Film.

##### (2) Date or expected date of commencement of commercial production

The Company is already in commercial production of above products.

*Standalone*

(3) *In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus.*

Not Applicable

(4) *Financial performance based on given indicators.*

Financial Parameters

Rs. in Lacs

Financial Parameters	2006	2005	2004	2003	2002
Turnover - Total Income	18280.13	21406.97	19063.25	14538.42	12838.16
EBITDA	2033.37	3838.21	5674.49	4064.70	3994.04
Profit before Tax	111.20	1878.76	3851.37	2309.91	1519.44
Profit after Tax	59.61	1314.64	2627.81	1668.84	905.79
Dividend paid (including Corporate Dividend Tax)	667.83	1329.43	660.74	394.19	307.78
Dividend Rate %	40%	80%	40%	25%	20%

Consolidated

Rs. in Lacs

Financial Parameters	2006	2005	2004	2003
Turnover - Total Income	54261.69	58247.44	38148.04	14532.98
EBITDA	9732.62	13505.00	10926.43	3822.10
Profit before Tax	5761.75	9947.63	8001.19	2053.09
Profit after Tax	5655.35	9379.98	6777.63	1412.02
Profit after Tax and Minority Interest	3822.38	6958.72	6777.63	1412.02
Earning Per Share (Rs.)	26.11	47.52	46.29	9.64

(5) Export performance and net foreign exchange collections

Rs. in Lacs

	2006	2005	2004	2003	2002
F.O.B. Value of Exports	7053.58	8409.56	6257.03	5921.13	5095.98
Other Income	490.45	-	-	-	-

(6) Foreign investments or collaborators, if any

Company has made investment in Ordinary & Preference Shares of a foreign company/ subsidiaries. Aggregate of investments outstanding at the year end are as follows:

Rs. in Lacs

	2006	2005	2004	2003	2002
Outstanding Investments	4556.45	6346.67	6718.43	4040.23	44.54

**II. Information about the Appointee**

(1) Background details

As given in the Explanatory Statement under Item No. 7

(2) Past Remuneration

Rs. in Lacs

	2006	2005	2004	2003	2002
Salary and Perquisites	15.22	14.54	13.96	14.11	13.79

(3) Recognition or Awards

As given in the Explanatory Statement under Item No.7

(4) Job profile and his suitability

As given in the Explanatory Statement under Item No.7

(5) Remuneration Proposed

As given in the Resolution under Item No.7

(6) Comparative Remuneration profile with respect to industry, size of the Company, profile of the position and

The proposed remuneration is in accordance with the industry standards and has been proposed by the Remuneration Committee and recommended by the Board of Directors.

(7) Pecuniary Relationship directly or indirectly with the Company or relationship with the managerial Personnel, if any.

Not Applicable.

**III. Other Information**

(1) Reasons of loss or inadequate profits.

The profits of the Company for the year

2005-06 are inadequate due to competitive pricing pressures in the domestic as well as international markets, resulting from new capacity creation.

- (2) *Steps taken or proposed to be taken for improvement.*

The Company has taken various steps to improve its performance. These include containing the cost, expanding and diversifying and focusing on high growth segments etc. These are discussed in detail in the Management Discussion and Analysis, which forms part of the Directors' Report.

- (3) *Expected increase in productivity and profits in measurable terms.*

This has been discussed in detail in the Management Discussion and Analysis Report, which forms part of the Directors' Report.

#### **IV. Disclosures**

- (1) *The shareholders of the Company shall be informed of the remuneration package of the managerial person.*

Yes. This information has been detailed out in the resolution and explanatory statement hereto.

- (2) *The following disclosures shall be mentioned in the Board of Directors' Report under the heading "Corporate Governance", if any, attached to the Annual Report :-*

- i. *All elements of remuneration package such as salary, benefits, bonuses, stock options, pension etc. of all the directors.*

This has been fully covered under the Corporate Governance Report.

- ii. *Details of fixed component and performance linked incentives along with the performance criteria.*

As given in the Resolution. Performance criteria are based on the net profits as based under the Companies Act, 1956 and Schedule XIII of the said Act.

- iii. *Service contracts, notice period, severance fees.*

As given in the Resolution.

- iv. *Stock option details, if any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable.*

Not Applicable.