

P G INDUSTRY LIMITED

Regd. Off: A - 30, 2nd Floor, Kailash Colony, New Delhi – 110 048

REPORT ON CORPORATE GOVERNANCE

1) COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

Corporate governance is the system by which companies are directed and controlled.
(Sir Adrian Cadbury, the Committee on the Financial Aspects of Corporate Governance)

The Company believes in adopting and adhering to the best standards of corporate governance to all the stakeholders. Corporate governance is, therefore based on the following principles:

- Appropriate composition, size of the Board and commitment to adequately discharge its responsibilities and duties.
- Transparency and independence in the functions of the Board.
- Independent verification and assured integrity of financial reporting.
- Protection of shareholders' rights and priority for investor relations.
- Timely and accurate disclosure on all matters concerning operations and performance of the Company.

The Company endeavors to maintain the highest business ethics & complies with all statutory & regulatory requirements. The Company's philosophy on corporate governance enshrines the goal of achieving the highest levels of transparency, accountability and equity in all spheres of its operations and in all its dealing with the shareholders, employees, the government and other parties.

In compliance with the disclosure requirements of Clause 49 of the Listing Agreement executed with the stock exchanges, the details are set out below:

2) COMPOSITION OF BOARD OF DIRECTORS:

- (A) As on March 31, 2012, the board comprised of Five Directors with an optimum combination of Executive, Non Executive and Independent Directors. The composition of the Board and category of Directors is as follows:

S. NO.	NAME OF DIRECTOR	CATEGORY
1	Shri Saket Dalmia	Promoter, Managing & Executive Director
2	Shri Amit Dalmia	Promoter & Non-Executive Director
3	Shri Anil Kumar	Independent Non-Executive Director
4	Shri Pardip Asopa	Independent Non-Executive Director
5	Shri Piyush Sharma	Independent Non-Executive Director

The composition of the Board is in conformity with the Clause 49 of the Listing Agreement entered into with the Stock Exchange. The Board meets regularly and is responsible for the proper direction and management of the Company.

The composition of the Board, number of meetings held, attendance of the Directors at the Board Meetings and last Annual General Meeting and number of Directorship and Chairmanship/Membership of committees in other companies in respect of each Director is given herein below:

Name of Directors	Category	Particulars of Attendance			Other Directorships #
		at Board Meetings held during 2011-2012		at AGM held on 30/09/2011	
		Held	Attended		
Mr. Saket Dalmia (Managing Director)	Promoter & Executive	11	11	Yes	14
Mr. Amit Dalmia (Director)	Promoter & Non-Executive	11	09	Yes	8
Mr. Anil Kumar (Director)	Independent Non-Executive	11	09	NO	5
Ms. Pardip Asopa (Director)	Independent Non-Executive	11	10	Yes	1
Mr. Piyush Sharma (Director)	Independent Non-Executive	11	10	No	6

No. of other Directorships indicated above is inclusive of Directorship of Private/Public Limited companies as on March 31, 2012. None of the Directors is either Chairman or Member of committees in other companies.

(B) Date and No. of Board Meetings held

During the Financial year ended March 31, 2012, the Board met 11 (eleven) times on 11th May 2011, 16th July 2011, 05th August 2011, 11th August 2011, 02nd September 2011, 24th October 2011, 09th November 2011, 14th November 2011, 08th December 2011, 6th February 2012 and 05th March 2012. Requisite quorum was present for all the meetings.

3. AUDIT COMMITTEE:

(A) As on March 31, 2012, the Audit Committee of the company comprises Three Non-Executive Directors, of which two of them are Independent. The Chairman of the committee is an independent Director having financial and accounting knowledge. The composition of Audit Committee and attendance of Directors at committee meetings is shown below:

Name of the Director	Designation	Attendance at Committee Meetings	
		Held	Attended
Mr. Pardip Asopa	Chairman	5	5
Mr. Amit Dalmia	Member	5	5
Mr. Anil Kumar	Member	5	5

Statutory Auditors are invited to participate in the meetings of Audit Committee wherever necessary.

(B) Meeting / Attendance:

During the financial year ended 31st March 2012 the Audit Committee of the company met four times. The dates of the meetings were 05th May 2011, 27th July 2011, 12th October 2011, 23rd January 2012 and 28th March 2012.

(C) Terms of Reference:

The terms of reference of Audit committee cover the matters specified for audit committee under clause 49 of the Listing Agreement as well as in Section 292 A of the Companies Act, 1956.

4. REMUNERATION COMMITTEE:

(A) As on March 31, 2012, the Remuneration Committee comprised of three Non Executive Independent Directors with Mr. Piyush Sharma as Chairman and Mr. Anil Kumar & Mr. Pardip Asopa as members. The terms of reference of the Remuneration Committee include fixation of salary, perquisites etc. of Managing/Executive Directors and for recommending the amount of commission payable to Executive Directors.

(B) The following are the details of the remuneration paid to Managing/Executive Directors during the Financial Year under discussion:

Name of the Director	Designation	Remuneration (Rs.)	Perquisites
Mr. Saket Dalmia	Managing Director	9,00,000	NIL

5. SHAREHOLDER'S GRIEVANCE COMMITTEE:

As on March 31, 2012, Shareholder's Grievance Committee comprised of Mr. Anil Kumar as Chairman of the committee and Mr. Amit Dalmia & Mr. Pardip Asopa as its members to look into redressal of shareholders and investors grievances with respect to transfer of share, dematerialisation of shares, non receipt of declared dividend or Annual report etc. and other matters relating to shareholder relationship. The Shareholders grievance committee met to take note of redressal of shareholders complaint, But the Company didn't receive any complaint during the year. All the members of the committee were present in meetings.

6. ANNUAL GENERAL MEETINGS:

The last three Annual General Meetings of the company were held at:

1. 04.00 P.M. on 30th September, 2011 at A-30, 2nd Floor, Kailash Colony, New Delhi – 110 048;
2. 2.00 P.M. on 30th September, 2010 at A-30, 2nd Floor, Kailash Colony, New Delhi – 110 048;
and
3. 1.00 P.M. on 30th September, 2009 at A-30, 2nd Floor, Kailash Colony, New Delhi – 110 048.

All resolutions moved at the last Annual General Meeting were passed by show of hands with the requisite majority of members attending the meeting.

7. DISCLOSURES:

The disclosures on related party transactions are as per Accounting Standards 18 issued by the Institute of Chartered Accounts of India are given in notes attached to the Balance Sheet.

There were no penalties, strictures imposed on the company by the Stock Exchange or SEBI or any Statutory Authority or any matter related to Capital Market during the last three years.

8. MEANS OF COMMUNICATION:

The means of communication between the Company and the shareholders are transparent and investor friendly. The Annual, Half yearly and Quarterly results are submitted to the Stock Exchange in accordance with Listing Agreement. All price sensitive information is intimated at the earliest to the Stock Exchanges. Management discussions and Analysis forms part of Annual Report, which is posted to the Shareholders of the Company.

- (i) Quarterly results are normally published in the Hindi and English language of Business Standards of Delhi edition.
- (ii) Quarterly results are also displayed on the Website of the Company.

www.pgil.com

9. CEO/CFO CERTIFICATION:

As required under Clause 49 of the Listing Agreement, a Certificate duly signed by Managing Director and Director was placed at the meeting of the Board of Directors held on 04th September 2012.

10. GENERAL SHAREHOLDER INFORMATION:

- (i) The 19th Annual General Meeting of the Members of the Company is scheduled to be held on Saturday the 29th day of September, 2012 at 03.30 P.M. at A- 30, 2nd Floor, Kailash Colony, New Delhi -110048.

(ii) **Financial calendar for the year 2011-12:**

Financial Year

: April 1, 2011- March 31, 2012

Adoption of Quarterly Results

First Quarter Unaudited Financial Results	August 11, 2011
Second Quarter Unaudited Financial Results	November 09, 2011
Third Quarter Unaudited Financial Results	February 02, 2012
Fourth Quarter Unaudited Financial Results	May 14, 2012

(iii) **Details of Book Closure:**

From 23rd September 2012 to 29th September, 2012 (both days inclusive).

(iv) **Listing on Stock Exchanges:**

As on March 31, 2012, the Equity Shares of Company are listed at following Stock Exchanges:

- (a) **Bombay Stock Exchange Limited, Mumbai**
Rotunda Building, P J Towers, Dalal Street, Mumbai- 400 001
- (b) **The Delhi Stock Exchange Limited**
DSE House, 3/1, Asaf Ali Road, New Delhi – 110 002
- (c) **The Calcutta Stock Exchange Limited**
7, Lyons Range, Kolkata – 700 001
- (d) **Madras Stock Exchange Limited**
11, Second Lines Beach, Chennai – 600 001

(v) **Stock Code:**

Stock Code: **531281 (BSE)**

Demat ISIN: **INE 807H01015** (NSDL and CDSL)

(vi) **Market Price Data:**

The Shares of the Company are not traded on stock exchange.

(vii) **Postal Ballot:**

There were no ordinary or special resolutions passed by the Shareholders of the Company through postal ballot during the year ended March 31, 2012.

(viii) **Registrar and Transfer Agents:**

M/s MAS SERVICES PRIVATE LIMITED
T – 34, 2nd Floor
Okhla Industrial Area, Phase -II
New Delhi – 110 020
TEL: 011-26387281/82

(ix) **Share Transfer System:**

Presently the majority of Shares of the Company are in physical forms.

(x) **Shareholding Pattern as on 31st March, 2012:**

Categories	No. of Shares	% of Shareholding
Indian Promoters	3319820	71.792
Persons Acting in Concert	Nil	Nil
Institutional Investors	145000	3.136

Bodies Corporate	108300	2.342
Indian Public	1051100	22.73
Non Resident Indians	Nil	Nil
Total	4624220	100

(xi) Dematerialization of shares:

The Company has arrangement with National Securities Depository Limited (NSDL) as well as Central Depository Services (India) Limited (CDSL) for dematerialization of shares of the company with ISIN NO. INE807H01015 for both NSDL & CDSL.

Those shareholders who wish to know more about the same may contact the company's Registrar and Share Transfer Agent or Share Department of the company.

(xii) The Company has not issued any GDRs/ADRs/ warrants or any Convertible Instruments.

(xiii) Code of Conduct:

The Board has laid down a code of conduct for all board members and senior management of the company. All the board members and senior management personnel have affirmed compliance with the code for the financial year ended 31st March, 2012.

(xiv) Reconciliation of Share Capital Audit:

In compliance with SEBI (Depository & Participants) Regulations, 1996, reconciliation of share capital Audit was carried out by a qualified Practicing Company Secretary on a quarterly basis for the purpose of reconciliation of share capital held in depositories and in physical form with the total issued and listed capital of the Company. The Audit Report issued by the Practicing Company Secretary confirms that the total issued/listed capital is in agreement with the total number of shares held in physical form and in dematerialized form with NSDL & CDSL.

(xv) Code of prevention of Insider Trading Practices:

In compliance with SEBI Regulations on prevention of Insider trading, the Company has framed a comprehensive code of conduct for prevention of Insider trading practices in the equity shares of the Company. The same has been amended in line with the amended SEBI Regulations. The Code lays down the guidelines, which advises the connected persons mentioned in the code, on the procedure to be followed and disclosures to be made by them, while dealing with the shares of the company and cautioning them of the consequences of the violations.

(xvi) Whistle Blower Policy:

A formal whistle blower policy is not in place. The Company however takes cognizance of complaints, if any, made by the employees and others. Complaints are looked into and wherever necessary, suitable corrective measures are taken. No employee of the Company has been denied access to the Audit Committee of the Board of Directors.

(xvii) Address for correspondence:

Shareholder Correspondence may be addressed to:

Registered Office:

M/s P G INDUSTRY LIMITED
A – 30, S-11, 2nd Floor
Kailash Colony
New Delhi – 110 048

OR

Registrar & Transfer Agent :

M/s MAS SERVICES LIMITED
T – 34, 2nd Floor, Okhla Industrial Area,
Phase -II
New Delhi – 110 020

Email: pgindustry ltd@gmail.com

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DECLARATION ON CODE OF CONDUCT

To
The Members of P G Industry Limited

All the Board members and the senior management personnel have, for the financial year ended 31st March, 2012 affirmed compliance with the code of conduct laid down by the Board of Directors of the company in terms of the Clause 49 of the listing agreement with stock exchange.

For P G INDUSTRY LIMITED

Sd/-
Saket Dalmia
(Managing Director)

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Chief Executive Officer (CEO) and Finance Head Certification

We, Saket Dalmia, Managing Director and Amit Dalmia, Director, to the best of our knowledge and belief, certify that:

- 1) We have reviewed financial statement and the cash flow statement for the year and that to the best of our knowledge and belief:
 - a) These statements do not contain any materially untrue statement or omit any material fact or contain statement that might be misleading;
 - b) These statements together present a true and fair view of the Company's affairs and are compliance with existing accounting standard, applicable laws and regulations.
- 2) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or which violate the company's code of conduct.
- 3) We are responsible for establishing and maintaining internal controls for financial reporting and we have:
 - a) Evaluated the effectiveness of internal control systems of the company pertaining to financial reporting;
 - b) Disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware.
 - c) The steps they have taken or propose to take to rectify these deficiencies.
- 4) We have indicated to the company's auditors and the Audit committee of the Board of Directors
 - (a) Significant changes that have occurred in the internal control over financial reporting during the year;
 - (b) All significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements;
 - (c) Instances of significant fraud, if any, of which we are aware and the involvement therein of the management or an employee having a significant role in the company's internal control system over financial reporting.

Place: New Delhi

Date: 04.09.2012

Sd/-
Saket Dalmia
(Managing Director)

Sd/-
Amit Dalmia
(Director)



Vishal G Goel & Co.
Chartered Accountants

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vishalgggoel@rediffmail.com

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To,

The Members of P G Industry Limited

We have examined the compliance of Corporate Governance by P G Industry Limited (the Company) for the year ended on March 31, 2012 as stipulated in *Clause 49* of the *Listing Agreement* of the said Company with the 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 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 and the representation made by the Directors and the management, we certify that the company has complied with the conditions of corporate governance as stipulated in *Clause 49* of the *Listing Agreement*.

We state that no shareholder Complaint was received during the year as per the records maintained by the Shareholder's Grievance Committee.

We further state that such compliance is neither an assurance as to further viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For: Vishal G Goel & Co.
Chartered Accountants

Sd/-
Ca Vishal Goel
(Proprietor)
M. No. 094685

Place: New Delhi
Dated: 04th September, 2012