

P G INDUSTRY LIMITED

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

REPORT ON CORPORATE GOVERNANCE

1) CORPORATE GOVERNANCE

Corporate Governance is the application of best management practices, compliance of laws, rules, regulations and adherence to standards to achieve the objects of the Company, enhance shareholder value and discharge of social responsibility. The Corporate Governance Structure in the Company assigns responsibility and authority to Board of Directors, its committees and the executive management, senior management employees etc.

2) COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

The Company acknowledges its responsibilities to its Stakeholders. The Company believes that Corporate Governance helps to achieve commitment and goals to enhance stakeholder value by focusing towards all stakeholders. The core values of the Company are based on integrity, emphasis on product quality and transparency in its dealings with all stakeholders. Any good corporate governance provides an appropriate framework for the Board, its committees and the executive Management to carry out the objectives that are in the interest of the Company and the Stakeholders. The Company maintains highest levels of transparency, accountability and good management practices through the adoption and monitoring of corporate strategies, goals and procedures to comply with its legal and ethical responsibilities. The Company is committed to meeting the aspirations of all our stakeholders. The associate's satisfaction is reflected in the stability in all the levels of management.

The Company has three tiers of the governance pyramid:

- Shareholders - Board of Directors
- Committees of the Board
- Executive Management

Each of the tiers operates within the given parameters as per prevailing laws and regulations or the practices prevalent in the industry.

3) COMPOSITION OF BOARD OF DIRECTORS:

(A) Your Company is managed by Five Directors with an optimum combination of Executive, Non Executive and Independent Directors, of which Four Directors are the Non-Executive Directors, constituting more than half of the total strength of the Board. Managing Director of the Company is the only Executive Director on the Board of the Company. 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:

<u>Name of Directors</u>	<u>Category</u>	<u>Attendance particulars</u>		<u>Other Directorships #</u>	
		<u>at Board Meetings held during 2010-2011</u>	<u>at AGM held on 30/09/2010</u>		
Directors		Held	Attended		
Mr. Saket Dalmia (Mangaing Director)	Promoter & Executive	15	15	Yes	10
Mr. Amit Dalmia	Promotor & Non-Executive	15	13	Yes	8
Mr. Anil Kumar	Independent Non- Executive	15	15	NO	-
Ms. Pardip Asopa	Independent Non- Executive	*10	8	Yes	1
Mr. Piyush Sharma	Independent Non- Executive	*10	8	No	2

No. of other Directorships indicated above is inclusive of Directorship of Privat/Public Limited companies. None of the Directors is either Chairman or Member of committees in other companies.

* No. of Board Meetings held during the tenure of the Directorship.

(B) Date and No. of Board Meetings held

During the Financial year ended March 31, 2011, the Board met 15 (fifteen) times on 1st April 2010, 26th April 2010, 27th April 2010, 10th June 2010, 30th June 2010, 1st July 2010, 15th July 2010, 27th July 2010, 25th August 2010, 1st September 2010, 25th September 2010, 8th November 2010, 12th January 2011, 8th February 2011 and 4th March 2011. Requisite quorum was present for all the meetings.

3. AUDIT COMMITTEE:

(A) The Scope of the Audit Committee has been defined by the Board of Directors in accordance with the provisions of the Companies Act read with Clause 49 of the Listing Agreement, which among others, includes:-

- Reviewing the Company's financial reporting processes and systems
- Reviewing the Company's financial and risk management policies
- Reviewing with management the quarterly and annual financial statements.

The Audit Committee of the company presently consists of 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:

<u>Name of the Director</u>	<u>Designation</u>	<u>Attendance at Committee Meetings</u>	
		Held	Attended
Mr. Pardip Asopa	Chairman	*2	2
Mr. Amit Dalmia	Member	4	4
Mr. Anil Kumar	Member	4	4

* No. of Meetings held during the tenure of the Committee Membership.

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

(B) Meeting / Attendance

During the financial year ended 31st March 2011 the Audit Committee of the company met four times. The dates of the meetings were 28th June 2010, 26th July 2010, 6th November 2010 and 8th February 2011.

(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) The Remuneration Committee consists of three Non Executive Independent Directors with Mr. Piyush Sharma as Chairman and Mr. Anil Kumar and 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	12,50,000	NIL
Mr. Amit Dalmia	Non Executive Director	12,50,000	NIL

4) SHAREHOLDER'S GRIEVANCE COMMITTEE:

Shareholder's Grievance Committee consisting of Mr. Amit Dalmia, as Chairman of the committee and Mr. Anil Kumar & Mr. Piyush Sharma 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:

(A) The last three Annual General Meetings of the company were held at 2.00 P.M. on 30th September, 2010 at A-30, 2nd Floor, Kailash Colony, New Delhi – 110 048; 1.00 P.M. on 30th September, 2009 at A-30, 2nd Floor, Kailash Colony, New Delhi – 110 048; 11.00 A.M. on 30th September, 2008 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.

(B) Extra-Ordinary General Meeting

During the financial year ended 2010-2011, One Extra-Ordinary General Meeting was held on 25th March 2011 at 3.00P.M., A-30, S-11, Second Floor, Kailash Colony, New Delhi – 110 048.

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 Note No. B - 6 of the Notes to Accounts (schedule-19)

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.

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 2nd September 2011.

10. GENERAL SHAREHOLDER INFORMATION:

(i) The 18th Annual General Meeting of the Members of the Company is scheduled to be held on Friday the 30th day of September, 2011 at 4.00 P.M. at A- 30, 2nd Floor, Kailash Colony, New Delhi -110048.

(ii) Financial calendar for the year 2011-12

First Quarter Unaudited Financial Results	Second Week of August, 2011
Second Quarter Unaudited Financial Results	Second Week of November, 2011
Third Quarter Unaudited Financial Results	First Week of February, 2012
Audited Financial Results	First Week of August, 2012

(iii) Details of Book Closure:

From Saturday, 24th September 2011 to Friday, 30th September, 2011 (both days inclusive)

(iv) **Listing on Stock Exchanges:** 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 31.03.2011.

(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, 7282

(ix) Share Transfer System

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

(x) Shareholding Pattern as on 31st March, 2011:

Categories	No. of Shares	% of Shareholding
Indian Promoters	3319820	71.79
Persons Acting in Concert	Nil	Nil
Institutional Investors	145000	3.14
Corporate Bodies	128900	2.79
Indian Public	1030500	22.28
Non Resident Indians	Nil	Nil
Total	4624220	100

(xi) Dematerialisation 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. INE 807H01015 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, 2011.

(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

Email: pgindustryLtd@gmail.com

OR

Registrar & Transfer Agent :

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

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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, 2011 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)**