

## CORPORATE GOVERNANCE REPORT

### 1. COMPANY S PHILOSOPHY :

The Company firmly believes that corporate governance and compliance practices are of paramount importance in order to maintain the trust and confidence of stake holder , client, the good reputation of the Company and the unquestioned integrity of all persons involved in the Company. To ensure transparency, fairness and objectivity in an organization functioning, the Company has proactively adopted best practice with regard to corporate governance and compliance, which are ahead of regulatory requirement. The Company's policy on Compliance with external regulatory requirement is backed by stringent internal policy and principal to ensure, *interalia*, priority to clients interest over priority interest, maintenance of clients information and prevention of insider trading.

### 2. BOARD OF DIRECTORS : Composition And Category

The Board of Director of the Company consist of persons with considerable expertise and experience in the manufacturing industry, finance & management. The Board of Director of the Company consist of five Directors including the Executive Chairman. Out of 5, 4 Director are non executive Independent Director. The Company dose not have any pecuniary or transaction with Non Executive Independent Director during the year under preview.

#### 1. BOARD PROCEDURE

A detailed Agenda folder was sent to each Director in advance of Board and Committee meetings. To enable the Board to discharge its responsibility effectively, The Managing Director briefed the Board at every meeting on the financial performance of the company up to last completed month as against the budget / revised budget of the year. Presentation are made by Managing Director about the financial, operational performance and market scenario.

- Strategy and business plan
- Annual operating and capital expenditure budgets
- Investment plan of the Company
- Compliance with statutory / regulatory requirement and review of major legal issues.
- Adoption of quarterly / half yearly / annual results (after recommendation of audit Committee where required)
- Significant labour problems
- Major accounting provision and write-offs.
- Details of joint venture or Collaboration Agreement.

The Company, Category of Director and their Directorship and Membership / Chairmanship of Committees :

S. No.	Name of the Director	Category	Directorship	Committee Membership	Committee
					Chairmanship
1.	Mr. R.K. Tekriwal	Exe. Chairman & Managing Director	-	3	2
2.	Mr. Sharad Dubey	Ind. Director	-	3	1
3.	Mr. Vishwnathan Kanungo	-	3	-	-
4.	Mr. Provat Kumar	Ind Director	-	-	-

Chakravorty

5. Mr. Mansharam Birla                      Ind. Director                      -                      -                      -

During the year 7 board meeting were held on 30<sup>th</sup> April, 2009, 17<sup>th</sup> June, 2009, 31<sup>st</sup> July, 2009, 4<sup>th</sup> September, 2009, 30<sup>th</sup> October, 2009, 31<sup>st</sup> January, 2010 and 31<sup>st</sup> March, 2010. The Board was present with the relevant and necessary information. None of the Director is a member of more than 10 committees or acting as Chairman of more than 5 committees across all Companies in which he is a director. The Company at the Board Meeting during the year and at the last annual general meeting was as follows:

S.No.	Name of Director	No. of Board Meeting Attended	Attendance at AGM the last held on 30/09/2009
1.	Mr. R.K. Tekriwal	7	Yes
2.	Mr. Sharad Dubey	7	Yes
3.	Mr. Vishwnathan Kanungo	7	Yes
4.	Mr. Provat Kumar Chakravorty	5	No
5.	Mr. Mansharam Birla	5	No

### 3. AUDIT COMMITTEE

The Board constituted an Audit Committee consisting of 3 Director. All member of audit Committee are financially literate and 2 Director out of 3 has financial management expertise as required for member of audit committee as stipulated in Clause 49 of the Listing Agreement. The Details of Audit Committee meeting held during the year April 2009 to March 2010 and the attendance of audit Committee member as under:

S.No.	Name of Director	Category	No. of Meeting Attended	held/
1.	Mr. R.K. Tekriwal	Exe. Chairman & M.D. & Member of Audit Committee	4	4
2.	Mr. Sharad Dubey	Ind. Director & Chairman Of Audit Committee	4	4
3	Mr. Vishwnathan Kanungo	Ind. Director & Member of Audit Committee	4	4

Terms of Reference:-

- Overseeing the company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- Recommending the appointment and removal of statutory auditor, fixation of audit fee and also approval for payment for any other services.
- Reviewing with management the quarterly, half yearly and annual financial statements before submission to the board, focusing primarily on any changes in accounting policies and practices; major accounting entries based on exercise of judgment by management; qualifications in draft audit report; significant adjustments arising out of audit; the going concern assumption; compliance with accounting

standards; compliance with stock exchange and legal requirements concerning financial statements; any related party transactions i.e. transactions of the company of material nature, with promoters or the management, their subsidiaries or relatives, etc. that may have potential conflict with interests of company at large.

- d. Reviewing with the management, statutory and internal auditors , the adequacy of internal control system and ensuring compliance therewith.
- e. Discussions with auditors before the commencement of audit about the nature and scope of audit as well as have post-audit discussion to ascertain any areas of concern.
- f. Reviewing the company s the financial and risk management policies.
- g. To review the functioning of the Whistle Blower Policy adopted by the company.
- h. To review report on management discussion & analysis of financial condition and results of operation to be included in the company's annual report to its Shareholders.

#### 4.REMUNERATION COMMITTEE

This is a non-mandatory requirement, The company has constituted a Remuneration Committee to decide and fix payment of remuneration and sitting fees to the directors of the company.

The Remuneration committee consists of Mr.R.K. Tekriwal, CMD and Charman of the committee, Mr. sharad Dubey ,NEID & member and Mr. Vishwanath Kanungo,NEID & member. Only one meeting of the committee held during the year under review.

#### 5.SHARE HOLDER S GRIEVANCE AND SHARE TRANSFER COMMITTEE

Composition:-

The said committee comprise of R.K. TEKRIWAL, CMD & Chairman of the committee, Sharad Dubey, NEID & member and Vishwanath Kanungo, NEID and member of the committee. There are 2 meetings during the year.

The Committee has delegated the authority to an officer of the company who attends to share transfer formalities at least once in a fortnight.

Terms of reference:-

To look into the redressal of the share holders complaints in respect of any matter including transfer of shares, non receipt of annual report, non receipt of declared dividend etc.

Compliance officers :-

The company has designated Mr. R.K. TEKRIWAL as compliance officer.

Summary of investors' Complaints :-

During the year NIL letters/ complaints were received from the share holders, out of which NIL letters/ complaints were replied/ resolved to the satisfaction of the shareholders.

As on date, there are no complaints pending.

Annual General Meeting :-

The Annual General Meeting (AGMs) of the company have been held at the following places in the last three years

YEAR	DATE	TIME	VENUE
2006-07	29-09-2007	11.00A.M.	REGD. OFF.:115, Sector-III, Ind, Area Pithampur, Dist Dhar(M.P.)
2007-08	30-09-2008	11.00A.M.	AS ABOVE
2008-09	30-09-2009	11.00A.M.	AS ABOVE

No resolution was put through postal ballot during the fin. Year 2009-10

6.DISCLOSURE :-There were no transaction by the company of material significance with related parties i.e. its promoters, Directors of companies or the management or their relatives during the year which may have potential conflict with interest of the company at large. There is not any penalties or restrictions imposed on the company by stock Exchanges, SEBI or any statutory or any matter related to capital markets during the last three years.

7.CEO & CFO CERTIFICATION :-

The managing Director have given certificate to board as contemplated in clauses 49 of the listing Agreement & is enclosed at the end of the report.

8.MEANS OF COMMUNICATION:-

- (i) The periodical unaudited/audited financial are published in Prabhatkiran or agniban (Hindi) and M.P. Chronical & Free Press Journal(English) as required under Listing Agreement. All financial and other vital information is promptly communicated to the Stock Exchange on which Company's Shares are listed.
- (ii) The Management Discussion and Analysis Report Prepared by the management and forming part of the annual report is separately attached.

8. GENERAL INFORMATION FOR SHAREHOLDER:

(a) Regd. Office :- 115, Sector III, Industrial Area, Pithampur Dist. Dhar (MP)

(B) Date, Time, Venue, of Annual General Meeting :-

September 30th, 2010 at 11.00 AM at its Registered Office at 115, Sector – III, Industrial Area, Pithampur, Dist. Dhar (MP)

(C) Financial Report for the quarter ending:-

JUNE 30 : END JULY  
SEPTEMBER30 : END OCTOBER  
DECEMBER 31 : END JANUARY  
MARCH 31 : END APRIL

(D) Date of Book Closure:-

24/09/2010 to 30/09/2010 (Both days inclusive)

(E) Listing Details:-

The Equity Shares of the Company are listed on the stock exchange at Indore, Mumbai, Ahmedabad, Chennai.

Scrip Code: BSE 530683

(F) ISIN for Dematerialization of Equity Shares:-  
INE747D01012

(G) Market Price:

During the year from 01/04/2009 to 31/03/2010 the equity Shares have not been traded at all because the scrip of the Company is suspended by BSE for want of Compliances hence no market price of the financial year 2009-2010 is available.

Month	High	Low
April	-	-
May	-	-
June	-	-
July	-	-
August	-	-
September	-	-
October	-	-
November	-	-
December	-	-
January	-	-
February	-	-
March	-	-

(H) Registrar And Transfer Agents:

(For Share transfer and other communication relating to share certificate, change of address)

M/S. Purva Sharegistry (India) Pvt. Ltd.  
33, Printing House, 28-D Police Court Lane,  
Fort Mumbai- 400001

(I) Share Transfer System:-

Equity shares sent for transfer in physical form are normally registered by our Registrar and Share Transfer Agent within 15 days of receipt of document, if document are found in order. Share under objection are returned within 2 weeks. The Company has a Share Holder / Investor Grievance Committee who looks after share transfer job by meeting at regular intervals depending upon the receipt of shares for transfer.

The Company has designated an email id [pppl@sancharnet.in](mailto:pppl@sancharnet.in) for the purpose of registering complaints by the Investor in accordance with Clause 47(f) of the listing Agreement.

**(L) DEMATERIALISATION OF SHARES AND LIQUIDITY:-**

The Company has already entered into agreement with CDSL, whereby the shareholder have an option to dematerialize their holdings.

The Company is under negotiation with NSDL to have connectivity of NSDL also.

**(M) PLANT LOCATION:**

The Company is 100% Export Oriented Unit with ISO : 9001-2008 Certification and having manufacturing and procession plant situated at plot no. 115, Sector- III, Industrial Area, Pithampur, Dist – Dhar (MP) where HDPE/PP WOVEN SACKS AND ALLIED PRODUCTS are manufactured.

**(N) INVESTOR CORREPENDENCE:-**

For any quires, investor are requested to get in touch with the Company s TRA-

**Registrars & Transfer Agents**

M/S. Purva Sharegistry (India) Pvt. Ltd.  
33, Printing House, 28-D Police Court Lane,  
Fort Mumbai- 400001

**INVESTOR GRIEVANCE REDRESSAL SYSTEM:-**

Investor Grievance, if any, is settled expeditiously and satisfactorily by the company as well as by the registrar. The company has designated an email id pppl@shancharnet. In for the purpose of registering complaints by the investors in accordance with clause 47 (f) of the Listing Agreement.

**DISPOSAL OF INVESTOR GRIEVANCES:-**

The average time required by the company or register to the issue for redressal of routine investor grievances is estimated to be seven working days from the date of receipt of the complaint. In case of non routine complaints and where external agencies are involved, the company or register will strive to redress these complaints as expeditiously as possible.

**CERTIFICATIO WITH RESPECT TO FINANCIAL STATEMENT:-**

The Managing director of the company has furnished a certificate to the board of director of the company with respect to accuracy of financial statements and adequacy of internal controls and compliance of clause 49 as required under clause 49 of the listing agreement.

**WHISTLE BLOWER POLICY:-**

Recently, the Security & Exchange Board of India has also prescribed the adoption by all listed companies, of a Whistle Blower Policy as a non-mandatory requirement. The company has adopted a Whistle Blower Policy, which affords protection and confidentially to whistle blowers. The audit committee chairman is authorized to receive protected disclosures under this policy. The audit committee is also authorized to supervise the conduct of investigations of any disclosure made whistle blower in accordance with policy.

No personnel have been denied access to the audit committee. As of March 31,2009, no protected disclosure have been received under this policy.

**CODE OF CONDUCT:-**

The company's Board of Director has adopted the code of conduct which govern the conduct of all directors/employees. All Directors and management personnel have affirmed compliance with respective codes for the year ended on 31<sup>st</sup> march 2009.

## IMPLEMENTATION OF NON-MANDATORY CORPORATE GOVERNANCE REQUIREMENTS

The company has implemented the following non-mandatory requirements as stated in clause 49 of the listing agreement with respect to corporate governance:-

(i) Remuneration Committee:- Already details have been given earlier.

(ii) Whistle Blower Policy:- Under this policy employees of the company can report the management about unethical behavior, actual or suspected fraud or violation of code of conduct or ethics policy. It is the company's policy to insure that the whistle blower are not victimized or denied direct access to the chairman of the audit committee. The existence of said policy mechanism has been communicated to all employees.

### MANAGEMENT DISCUSSION AND ANALYSIS:-

The company is in the business of manufacturing and trading of HDPE/PP WOVEN SACKS AND ALLIED PRODUCTS. The key issues of the Management Discussion and Analysis are given below:-

#### (a) Industry structure and developments

Indian poly industries market size is estimated at RS.51 billion. The industry experienced a significant growth of 27.31% during the year 2009-2010. The company continued its growth along with the lines of industry and has maintained its market position.

#### (b) Strength

The strength of the company is management team. The company has earned goodwill from utilization of full licensed and installed capacity and good policy of marketing due to expert management team

#### (c) Comment on Current year's performance

During the financial year 2009-2010, the company has posted a satisfactory performance. All expenses are under control. The operating profits are upto the industry mark.

#### (d) Opportunities and threats

Continuing increase in demand of quality poly products provides an opportunity of growth to the company.

The company is exposed to the fluctuation of economy and industry cycles/downturns and throatcut competition in the industry.

#### (e) Segment wise performance

The business of the company falls under a single segment i.e. manufacturing and trading of HDPE/PP products" for the purpose of Accounting Standards AS-17.

#### (f) Outlook

The company is making all efforts to accelerate of its business. It expects to improve its position in the market by focusing on technologically advanced and more profitable products/market segments and working aggressively in the areas of productivity, efficiency and cost reductions . the company will focus on making long term strategic policy in existing as well as in new venture.

#### (g) Risk and concerns

There is sharp increase in the prices of raw materials and other expenses and due to governmental policies for poly products industries. It may not be possible for the company to

recover the increase in material cost from customers entirely due to competition in the industry.

(h) Internal control system

The internal control system has been found to be adequate. This is reviewed periodically by the audit committee and statutory auditors of the company.

(j) Cautionary statement

Statements in this Management Discussion and Analysis Report, Describing the company's outlook, projections, estimates, expectations or predictions may be Forward looking statement" within the meaning of applicable securities laws or regulations.

Actual results could differ materially from those expressed or implied.

#### DECLARATION

As provided under clause 49 of the listing agreement with the stock exchanges. It is here by declared that all the board members and senior managerial personnel of the company have affirmed the compliance of code of conduct for the year ended 31<sup>st</sup> march, 2009.

Place: PITHAMPUR

Date: 04-09-2009

For and behalf of The Board of directors

Sd/-

R.K. TEKRIWAL

Managing Director



### **Auditor's Certificate on Corporate Governance**

The Company has obtained a certificate from its statutory auditors M/s. C.P. Rawka & Co., Chartered Accountant confirming compliance with the conditions of corporate governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges. This Certificate is annexed to the Directors' Report for the year 2009-10. This certificate will be sent to the stock exchanges along with the annual report to be filed by the Company.

### **AUDITOR S CERTIFICATE**

We have examined the compliance of the conditions of Corporate Governance by Pithampur Ploy Products Limited (the Company) for the year ended 31<sup>st</sup> March, 2010 as stipulated in Clause 49 of the Listing agreement of the Company with the Stock Exchanges.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to the review of the procedures and implementations 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 representations 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 above mentioned Listing Agreement.

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

**For C.P. RAWKA & Co.  
Chartered Accountants**

**Place : Pithampur  
Date : September 04, 2010**

Sd/-  
**(C.P. Rawka)  
Proprietor  
M. No. 70060**