

SHREE AJIT PULP AND PAPER LIMITED



CORPORATE GOVERNANCE

1. BRIEF STATEMENT OF COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

The Company believes in adoption of best Corporate Governance practices. It constantly reviews Corporate Governance practices followed to ensure that they reflect new developments from time to time. It takes feedback into account in its periodic reviews to ensure relevance, effectiveness and responsiveness to the needs of investors and other stakeholders.

2. COMPOSITION AND CATEGORY OF DIRECTORS, E.G.; EXECUTIVE, NON-EXECUTIVE, INDEPENDENT, AND NOMINEE DIRECTOR ETC.:

The Board of Directors consists of Five Directors. The composition and category of Directors is as follows:

SR. NO.	NAME OF THE DIRECTORS	CATEGORY
1	MR. GAUTAM D. SHAH	MANAGING DIRECTOR / PROMOTER
2	MR. PIYUSH R. SHAH	MARKETING DIRECTOR / PROMOTER
3	MR. DHANSUKHLAL G. SHAH	NON-EXECUTIVE / PROMOTER
4	MR. DHANSUKH H. SHAH	NON-EXECUTIVE / INDEPENDENT
5	MR. MITESH M. MEHTA	NON-EXECUTIVE / INDEPENDENT

Mr. Dhansukhlal G. Shah Non Executive Promoter Director and Mr. Gautam D. Shah, Managing Director are related as father and Son. No other Director is related inter se.

Details of Directors seeking reappointment at the Annual General Meeting:

Particulars	Shri Dhansukh H Shah	Shri Mitesh M. Mehta
Date of Birth	07-07-1941	06-03-1966
Date of Appointment	01-03-2003	01-03-2003
Qualifications	Advocate	Chartered Accountant
Expertise in specific functional area	Specializing in Excise and Custom Matters	Expertise in the field of finance, accounts and auditing
Directorship held in other Public Companies	Nil	Nil
Membership / Chairmanships of committees of other public Companies (Includes only Audit and Shareholders / Investors Grievance Committee)	Nil	Nil
Number of Shares held in the Company	Nil	Nil

ATTENDANCE OF EACH DIRECTOR AT THE BOARD MEETINGS HELD DURING THE YEAR AND THE LAST AGM:

SR. NO.	NAME OF DIRECTOR	ATTENDANCE PARTICULARS	
		NO. OF BOARD MEETING	LAST A.G.M
1	MR. GAUTAM D. SHAH	6	YES
2	MR. DHANSUKHLAL G. SHAH	5	YES
3	MR. PIYUSH R. SHAH	5	NO
4	MR. DHANSUKH H. SHAH	6	YES
5	MR. MITESH M. MEHTA	5	NO

NO. OF OTHER BOARD OF DIRECTORS / OTHER COMMITTEES HE IS A MEMBER OR CHAIR PERSON

SR. NO.	NAME OF DIRECTOR	NAME OF COMPANIES IN WHICH DIRECTOR IS A DIRECTOR	NAME OF COMPANIES IN WHICH DIRECTOR IS A COMMITTEE MEMBER
1	MR. GAUTAM D. SHAH	Shree Samrudhi Industrial Papers Pvt Ltd, Shree Samrat Pulp and Paper Pvt Ltd, Shree Samarpan Pulp and Paper Pvt Ltd	— N. A. —
2	MR. DHANSUKHLAL G. SHAH	Shree Samrudhi Industrial Papers Pvt Ltd.	— N. A. —
3	MR. PIYUSH R. SHAH	— N. A. —	— N. A. —
4	MR. DHANSUKH H. SHAH	— N. A. —	— N. A. —
5	MR. MITESH M. MEHTA	Nincro Inv. & Fin. (P) Ltd., Pristine Financial Consultants (P). Ltd.	— N. A. —

NO. OF BOARD OF DIRECTORS MEETINGS HELD, DATES ON WHICH HELD

Six Board Meetings were held during the year as against the minimum requirement of 4 meetings. The dates on which the meetings were held are as follows:

- (1) 12th April 2012 (2) 25th May 2012 (3) 31st July 2012 (4) 29th September 2012
(5) 03rd November 2012 (6) 29th January 2013

The maximum time gap between any two meetings was not more than 4 calendar months. None of the Directors of the Company was a member of more than 10 committees nor was the Chairman of more than 5 committees across all companies in which he was a Director.

INFORMATION PLACED BEFORE THE BOARD:

All the relevant and necessary information and details are placed before the Board at its meetings, such as productions, sales, capital expenditure, budgets, actual performance statistics, review of business, any legal proceedings by or against the Company, quarterly financial results, minutes of meetings of audit committee and shareholders grievance committee, staff matters, significant labour and human relation matters and such other information.

The Board also reviews from time to time the legal compliance report presented by the Managing Director.

CODE OF CONDUCT:

The Board has laid down a code of conduct for all Board members and senior management of the Company. All Board members and senior management personnel have affirmed compliance with the code as on 31st March 2013. This report contains a declaration to this effect signed by the Managing Director.

3. BOARD COMMITTEES:

The Company has the following Standing Committees of the Board:

1. AUDIT COMMITTEE:

The Audit Committee of the company comprises of Three Directors, of which Two are independent directors, namely, Mr. Dhansukh H. Shah – Chairman, and Mr. Mitesh M. Mehta, member. Mr. Gautam D. Shah, Managing Director is the third member of the committee.

The Audit Committee also meets with the requirements of section 292A of the Companies Act, 1956.

The terms of reference stipulated by the Board of Directors to the Audit Committee are as contained in clause 49 of the Listing Agreement and section 292A of the Companies Act, 1956, briefly as follows:

- a) Oversight of the Company's financial reporting process and the disclosure of its financial information.
- b) Recommending the appointment of External Auditors and Internal Auditors, fixation of their Fees and approval for payment for any other services.
- c) Reviewing with management the Quarterly, Half Yearly and Annual Financial Statements before submission to the Board, focusing primarily on (i) any changes in accounting policies and practices, (ii) major accounting entries based on exercise of judgment by management, (iii) qualifications in draft audit report, (iv) significant adjustments arising out of audit, (v) the going concern assumption, (vi) compliance with accounting standards, (vii) compliance with stock exchanges and legal requirements concerning financial statements and (viii) any related party transactions i.e., transactions of the Company of material nature, with promoters or the management, or relatives etc. that may have potential conflict with the interest of the Company.
- d) Reviewing with the management and external and internal auditors, the adequacy and compliance of internal control systems.
- e) Reviewing the adequacy of internal audit functions.
- f) Discussion with internal auditors on any significant findings and follow-up there of.
- g) Reviewing the findings of any internal investigations by the internal auditors into matters where there is irregularity or failure of internal control systems of a material nature and reporting the matter to the Board.
- h) Discussion with external auditors before the audit commences nature and scope of audit as well as have post-audit discussion to ascertain any area of concern.

During the year the Audit Committee has met 4 times as against the minimum requirement of 4 meetings. The Statutory Auditors and Internal Auditors were also invited to attend the Audit Committee meetings.

Attendance of each member of Audit Committee meetings held during the year:

SR. NO.	NAME OF MEMBER OF AUDIT COMMITTEE	ATTENDENCE PARTICULARS
1	Mr. Dhansukh H. Shah	4
2	Mr. Mitesh M. Mehta	4
3	Mr. Gautam D. Shah	4

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2. **SHARE HOLDERS' GRIEVANCE COMMITTEE:**

The Shareholders' Grievance Committee comprises of Mr. Gautam D. Shah - Chairman, Mr. Dhansukhlal G. Shah, Non Executive Director and Mr. Dhansukh H. Shah, Independent Director.

The Committee looks into redressal of Shareholders' complaints like transfer of shares, non-receipt of annual report etc. The Committee oversees the performance of the Registrar and Share Transfer Agent and recommends measures for over all improvement in the quality of services.

The Board has designated Mr. Mahesh M Mandowara, Finance Manager as the Compliance officer of the Company.

NO. OF COMPLAINTS RECEIVED DURING THE YEAR	NO. OF COMPLAINTS RESOLVED DURING THE YEAR	NO. OF COMPLAINTS OUTSTANDING AT THE END OF THE YEAR
NIL	NIL	NIL
NO. OF TRANSFERS RECEIVED DURING THE YEAR (IN PHYSICAL FORM)	NO. OF TRANSFERS ATTENDED DURING THE YEAR	NO. OF TRANSFERS OUTSTANDING AT THE END OF THE YEAR
34	34	NIL
NO. OF DEMAT / REMAT REQUESTS RECEIVED DURING THE YEAR	NO. OF DEMAT / REMAT REQUESTS ATTENDED DURING THE YEAR	NO. OF DEMAT / REMAT REQUESTS OUTSTANDING AT THE END OF THE YEAR
10	10	NIL

3. **REMUNERATION COMMITTEE:**

The Board has constituted the Remuneration Committee, comprising of three Directors, (1) Chairman Mr. Mitesh M. Mehta, Independent Director, (2) Mr. Dhansukh H. Shah, member, Independent Director, and (3) Mr. Dhansukhlal G. Shah, member, Non Executive Director. The committee recommends remuneration payable to Executive Directors and Managing Director, in terms of requirements of schedule XIII of the Companies Act.

No remuneration is paid to Non Executive Directors. A statement of remuneration paid to the Executive Directors is given below:

SR.NO.	NAME OF DIRECTOR	Salary , Perquisites & Commissions (Rs. in Lacs)
1	Mr. Gautam D. Shah -Managing Director	105.68 #
2	Mr. Piyesh R. Shah- Director Marketing	0.96

Remuneration includes Salary, Commission, Provision for Leave encashment and gratuity.

4. **ANNUAL GENERAL MEETING:**

Location and time for last three Annual General Meetings were as follows:

YEAR	LOCATION	DATE	TIME
2009-2010	At Regd. Office at Survey No. 239, Near Morai Railway Crossing, Village Salvav, Via-Vapi- 396191	17-08-2010	11 A.M.
2010-2011	-do-	29-09-2011	11 A.M.
2011-2012	-do-	29-09-2012	11 A.M.

During the year ended 31st March 2013, no resolutions have been passed by the Company's Shareholders through Postal Ballot.

5. **DISCLOSURE:**

a) **DISCLOSURES ON MATERIALLY SIGNIFICANT RELATED PARTY TRANSACTIONS,**

I.E.; TRANSACTIONS 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 THE COMPANY AT LARGE: - None of the transactions with any of the Related Parties were in conflict with the interest of the company.

b) **DETAILS OF NON-COMPLIANCE BY THE COMPANY, PENALTIES, AND STRICTURES IMPOSED ON THE COMPANY BY STOCK EXCHANGES OR SEBI OR ANY STATUTORY AUTHORITY, ON ANY MATTER RELATED TO CAPITAL MARKETS DURING THE LAST THREE YEARS:** - None.

6. **CEO/CFO CERTIFICATION:**

The Managing Director who has been designated by the Board as CEO and CFO has certified to the Board Compliance in respect of all matters specified in sub clause V of Clause 49 of the Listing Agreement.

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7. The Board has already set up Remuneration Committee. The Board does not feel it necessary at this stage to adopt any other non mandatory requirements.

8. MEANS OF COMMUNICATION:

The unaudited quarterly and half yearly results for the periods ended 30th June 2012, 30th September 2012 and 31st December 2012 and audited results for the year ended 31st March 2013 were published in Indian Express (English) Baroda Edition, Financial Express (Gujarati) Ahmedabad Edition and Free Press Journal (English) Mumbai Edition.

9. GENERAL SHARE HOLDERS' INFORMATION:

a) ANNUAL GENERAL MEETING:

Date and Time - Monday, 05th August, 2013 at 11.00 A. M.
 Venue - At Regd. Office of the Company at: Survey No. 239, Near Morai Railway Crossing, Village Salvav, Via-Vapi-396 191, Dist. Valsad, (Gujarat).

b) Financial Calendar (tentative)

Results for the quarter ending June 30, 2013 - Second week of August 2013
 Results for the quarter / half year ending Sept. 30, 2013 - Second week of November 2013
 Results for the quarter ending December 31, 2013 - Second week of February 2014
 Results for the year ending March 31, 2014 - Last week of May 2014
 Annual General Meeting - Last week of September 2014.

c) Book Closure Date:

Monday, 22nd July 2013 to Monday, 05th August 2013 (Both days inclusive) for Annual General Meeting and payment of dividend.

d) Dividend Payment Date – 20-08-2013

e) Listing of Equity Shares on Stock Exchanges:

(i) Regional Stock Exchange - Vadodara Stock Exchange Ltd - Vadodara.
 (ii) Ahmedabad Stock Exchange Ltd. - Ahmedabad.
 (iii) Bombay Stock Exchange Ltd. (BSE Indonext Segment) - Mumbai
 Annual Listing Fees for the year 2013-14 have been paid to the concerned Stock Exchanges.

f) (a) Stock Code

- Vadodara Stock Exchange Ltd. – 600252
 - Ahmedabad Stock Exchange Ltd. – 52657/SHREEAJITP
 - Bombay Stock Exchange Ltd.(Indonext Segment) – 590058
 - In NSDL and CDSL – INE185C01017

(b) Demat ISIN Nos.

g) Market Price Data: (in Rupees per share):

High and Low prices of the Company's Shares on BSE Indonext Segment with corresponding BSE Sensex.

Months	High		Low	
	Shree Ajit Pulp and Paper Ltd.		Shree Ajit Pulp and Paper Ltd.	
	Price (Rs.)	BSE Sensex	Price (Rs.)	BSE Sensex
April 2012	37.30	17664.10	30.30	17010.16
May 2012	34.95	17432.33	28.00	15809.71
June 2012	36.40	17448.48	30.00	15748.98
July 2012	34.00	17631.19	28.55	16598.48
August 2012	40.50	17972.54	29.00	17026.97
Sept. 2012	42.00	18869.94	33.30	17250.80
October 2012	42.65	19137.29	32.50	18393.42
Nov. 2012	43.75	19372.70	36.50	18255.69
Dec. 2012	45.30	19612.18	36.35	19149.03
January 2013	55.80	20203.66	36.25	19508.93
February 2013	59.60	19966.69	44.70	18793.97
March 2013	48.85	19754.66	36.05	18568.43

h) Registrar and Transfer Agents:

Link Intime India Pvt. Ltd., C-13, Kantilal Maganlal Estate, Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup (W) Mumbai – 400 078

i) SHARE TRANSFER SYSTEM:

Presently share transfers which are received in physical form are processed and the Share Certificates returned within a period of 21 days from the date of receipt, subject to the documents being valid and complete in all respects.

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j) *Distribution of Share Holding as on 31.03.2013:*

NO. OF EQUITY SHARES	NO. OF SHARES HELD	% TO TOTAL SHARES	NO. OF SHAREHOLDERS	% TO TOTAL SHAREHOLDERS
1 TO 500	351025	6.5530	1001	77.0593
501 TO 1000	126202	2.3560	151	11.6243
1001 TO 5000	225135	4.2029	102	7.8522
5001 TO 10000	70722	1.3203	10	0.7698
10001 AND ABOVE	4583616	85.5679	35	2.6944
TOTAL	5356700	100.00	1299	100.00

SR. NO.	CATEGORY	NO. OF SHARE HOLDERS	NO. OF SHARES HELD	% TO TOTAL SHARES
1	PROMOTERS	12	2904040	54.2132
2	PUBLIC FINANCIAL INSTITUTIONS	0	0	0.0000
3	BODIES CORPORATE	32	23933	0.4468
4	CLEARING MEMBER /MARKET MAKER	14	67543	1.2609
5	NRI	3	7522	0.1404
6	RESIDENT INDIVIDUALS/HUF	1238	2353662	43.9387
	TOTAL	1299	5356700	100.00

k) *Dematerialization of Shares:*

As on 31st March, 2013, 656 Shareholders were holding 4406740 Equity Shares in Demat form, which constitutes 82.27% of the total share capital of the Company.

Liquidity: The Company's shares are regularly traded on the Indonext Segment of the Bombay Stock Exchange Ltd.

l) *Plant Location: Survey No. 239, Village Salvav, Survey No. 105/P,106/107 & 108/P Morai,Near Morai Rly. Crossing, Via-Vapi - 396191*

Wind Mill 1.50 MW: Village Bagasara, Taluka Maliya Miyana, Dist Rajkot, Gujarat

Wind Mill 1.25MW: Village Murvel, Taluka Dwarka, Dist Jamnagar, Gujarat

m) *Address for correspondence:*

For transfer / dematerialization of shares:

For shares held in physical form:

Link Intime India Pvt. Ltd. C-13 Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup (W), Mumbai -400 078.

For shares held in demat form: To the Depository Participants

For any query on Annual Report/ Payment of Dividend etc.

To the Secretarial Dept.

Shree Ajit Pulp And Paper Limited, Survey No. 239, Near Morai Railway Crossing, Village Salvav, Via- Vapi -396191.

n) *Buy-back of shares: The Company has not proposed buy-back of shares during the year.*

DECLARATION ON CODE OF CONDUCT

As required by clause 49 (1) (D) of the Listing Agreement, it is hereby affirmed that all the Board Members and Senior Management Personnel have complied with Code of Conduct as on 31st March 2013.

Gautam D. Shah
Managing Director

Vapi, 25th MAY, 2013

Auditors' Certificate on Corporate Governance

To,
The Members,
Shree Ajit Pulp And Paper Limited.

We have examined the compliance of conditions of Corporate Governance by Shree Ajit Pulp And Paper Limited, for the year ended on 31st March 2013, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementations thereof adopted by the Company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said clause. 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 based on 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 **except the condition relating to appointment of independent Directors to the extent of 50% of the board.**

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

For **H.P.SHAH ASSOCIATES**
CHARTERED ACCOUNTANTS
FRN 109588 W

H.P.SHAH
PROPRIETOR
Membership No. 39093

Place : Vapi
Date : 25th May, 2013