

CORPORATE GOVERNANCE REPORT

The Board of Directors of the Company lays great emphasis on the broad principles of Corporate Governance. Given below is the report on Corporate Governance.

1. Company's philosophy on code of Governance:

Kamadgiri Fashion Limited believes that good Corporate Governance is essential to achieve long term corporate goals and to enhance stakeholders' value. In this pursuit, your Company's philosophy on Corporate Governance is guided by a strong emphasis on transparency, accountability and integrity and has been practising the principles of Corporate Governance over the years.

2. Board of Directors:

The Board composition is in conformity with the provisions of the Companies Act, 1956 and clause 49 of the listing Agreement. The strength of the Board as on 31st March 2012 is 6 Directors comprising of 2 Promoter Directors and 4 Independent Non Executive Directors.

The composition of the Board and their attendance in the Board Meetings and other details are as under:

Name of Directors	Category of Directorship	# No. of other Directorships	^ No. of Committee Memberships	No. of Board meetings attended	Attendance at last AGM
Mr. Pradip Kumar Goenka	Promoter & Executive	1	Nil	4	Present
Mr. Lalit Kumar Goenka	Promoter & Executive	-	Nil	1	Present
Mr. Ashwani Bhatia	Independent & Non - Executive	-	Nil	4	Present
Mr. Madhusudan Singrodia	Independent & Non - Executive	-	Nil	-	Absent
Mr. Rahul Mehta	Independent & Non - Executive	2	Nil	4	Absent
Mr. Sanjeev Maheshwari	Independent & Non - Executive	2	Nil	4	Absent

Excludes Alternate Directorships, Directorships in Indian Private Limited Companies and Foreign Companies and proprietorship and partnership firms.

^ In accordance with clause 49 of the Listing Agreement with the Stock Exchanges, membership/chairmanship of only the Audit Committee, Shareholders'/Investors Grievance Committee and the Remuneration Committee of the Public Limited Companies has been considered.

There are no nominees or Institutional Directors in the Company. None of Directors have pecuniary or business relationship with the Company except to the extent as disclosed in note no. 25 on the accounts. No Director of the Company is either member in more than ten committees and/or Chairman of more than five committees across all Companies in which he is Director. There is no inter se relationship between directors.

During the financial year 2011-2012, 4 (Four) Board Meetings were held on 30th May 2011, 11th August 2011, 4th November 2011 and 4th February 2012 and the time gap between the two meetings was not more than 4 months. All the information required to be furnished to the Board was made available to them along with detailed Agenda notes.

Directors seeking Appointment/ Re-appointment at the Forthcoming Annual General Meeting (pursuant to clause 49 IV(G)(i) of the Listing Agreement):

Name of the Director	Mr. Rahul Mehta	Mr. Sanjeev Maheshwari	Mr. Pradip Kumar Goenka	Mr. Anil Biyani
Age (years)	60	46	52	48
Qualification	B. Com., MBA	B. Com., FCA	Pre-University	B.Com
Expertise in specific functional areas	Mr. Mehta has wide experience of 10 years in consumer goods industry and 30 years experience in the garments industry.	Mr. Maheshwari is a member of the Institute of Chartered Accountants of India. Mr. Maheshwari has been associated with GMJ & Co., Chartered Accountants, for more than 24 years and is currently partner of the firm	Mr. Goenka has more than 30 years of experience in textile industry. He is Chairman and Managing Director of the Company and overseeing the conceptualization and implementation of our projects and has also being looking after operations of the Company.	Mr. Anil Biyani has almost three decades of experience in textile industry.
Directorship in other public companies (excluding foreign and private companies)	1) Gini & Jony Ltd. 2) Chermas Exquisite Ltd.	1) Mudra Financial Services Ltd. 2) Mudra Share & Stock Brokers Ltd.	1) Jagruti Synthetics Ltd.	1) PIL Industries Ltd. 2) Future Corporate Resources Ltd. 3) Weavette Textstyles Ltd. 4) Gold Mohur Design & Apparel Park Ltd. 5) nuFuture Digital India Ltd.
Shareholding	Nil	Nil	721200 shares	Nil

Code of conduct for Directors and Senior Management:

The Code of conduct as applicable to the Directors and the members of the senior management had been approved by the Board and it is being duly abided by all of them. The Annual Report of the Company contains declaration to this effect from the Chairman and CEO.

3. Committees of the Board:

Audit Committee

The Company has an Audit Committee at the Board level with powers and role that are in accordance with clause 49 of the listing agreement. The Committee acts as a link between the management, the statutory auditors and the Board of Directors and oversees the financial reporting process.

The Audit Committee presently comprises of 3 Non Executive Independent Directors. The members of the Committee are well versed in finance matters, accounts, Company law and general business practices.

The functions of the Audit Committee are as per Company Law and Listing Agreement with the Stock Exchanges. These include the review of accounting and financial policies and procedures, review of financial reporting system, internal control system and procedures and ensuring compliance of statutory requirements.

The Audit Committee reviews the financial statements with the Statutory Auditors and the Management with reference to the accounting policies and practices before commending the same to the Board for its approval.

The Committee met 4 times during the year under report on 30th May 2011, 11th August 2011, 4th November 2011 and 4th February 2012. The time gap between the two meetings was not more than 4 months.

Composition of Audit Committee and details of the meeting attended:

Sr. No.	Name of the Directors	Category	Designation in the Committee	No. of Meeting attended
1.	Mr. Sanjeev Maheshwari	Independent & Non - Executive	Chairman	4
2.	Mr. Ashwani Bhatia	Independent & Non - Executive	Member	4
3	Mr. Rahul Mehta	Independent & Non - Executive	Member	4

The terms of reference of the Audit Committee include:

- To review financial statements and pre-publication announcements before submission to the Board.
- To discuss and review report of the external auditors and ensure the compliance of the internal control system.
- To apprise the Board on the impact of accounting policies, accounting standards and applicable laws and regulations.
- To hold discussions with statutory auditors on the scope and content of the audit.
- To review related party transactions:
- Appointment of statutory auditor/cost auditor and fixing their remuneration.

4. Remuneration of Directors:

The Company has no pecuniary relationship or transaction with its non – executive independent Directors other than payment of sitting fees to them, if any, for attending Board and Committee Meetings.

The Company does not have an incentive plan, which is linked to performance and achievement of the Company's objectives. The Company has no stock option and pension scheme.

The details of remuneration paid to the Executive Directors of the Company during the year ended 31st March 2012 are given as under:

	Particulars	Unit	Pradip Kumar Goenka	Lalit Kumar Goenka
a)	Salary p.a.	₹	27,50,000/-	1,44,000/-
b)	Fixed Component- Contribution to provident Fund.	₹	Nil	Nil
c)	Bonus, Benefits & Other Allowances	₹	Nil	Nil
d)	Service contract	Years	3	3
e)	Notice Period	Months	3	3
f)	Severance Fees	₹	Nil	Nil

The Company has also paid sitting fees of ₹ 2,52,000/- each to Mr. Ashwani Bhatia, Mr. Rahul Mehta and Mr. Sanjeev Maheshwari, Non-Executive Independent Directors.

5. Shareholders/Investors Grievance Committee:

The Shareholder's/Investors Grievance Committee presently comprises of 3 Non - Executive Independent Directors. The Committee meets at frequent intervals to consider, inter alia, shareholders complaints like non receipt of share certificate or delay in transfer of shares, non receipt of balance sheet, non receipt of declared dividend etc. and provide satisfactory solution to the complainant's except for disputed cases and sub-judice matters which would be solved on final disposal by the Courts.

The Committee met once during the year on 30th May 2011.

Composition of Shareholders/Investors Grievance Committee and details of the meeting attended:

Sr. No.	Name of the Directors	Category	Designation	No. of Committee Meetings attended
1.	Mr. Ashwani Bhatia	Independent & Non - Executive	Chairman	1
2.	Mr. Madhusudan Singrodia	Independent & Non - Executive	Member	-
3	Mr. Rahul Mehta	Independent & Non - Executive	Member	1

Mr. Arun Bhandari, Company Secretary of the Company is the Compliance Officer.

During the year 2011-2012 the Company had received one complaint from SEBI (Securities and Exchange Board of India) and shareholders/investors and the same has been redressed and there is no complaint pending. No request for transfer and dematerialization were pending as on 31st March 2012.

6. Remuneration Committee:

The Remuneration Committee presently comprises of 4 Non-Executive Independent Directors. Kamadgiri Fashion Limited's remuneration policy is based on 3 factors, pay for responsibility, pay for performance and potential and pay for growth.

The Company's Remuneration Committee is vested with all necessary powers and authority to ensure appropriate disclosure on the remuneration of whole time directors and to deal with all the elements of remuneration package of all such Directors.

As for non-whole time directors their appointment is for utilizing their professional expertise in achieving the goals of the Company. Accordingly, the service contract, notice period and severance fees, if any, are not applicable to such non-whole time directors. However, as per Company's policy, upon attaining the age of 70 years the non-whole time Directors seek retirement by not offering themselves for re-appointment at Annual General Meeting of the Company.

Composition of Remuneration Committee and details of the meeting attended:

The Remuneration Committee of the Company consists of the following members of the Board:

Composition of Remuneration Committee and details of the meeting attended:

Sr. No.	Name of the Directors	Category	Designation in the Committee	No. of Meeting attended
1.	Mr. Rahul Mehta	Independent & Non - Executive	Chairman	2
2.	Mr. Ashwani Bhatia	Independent & Non - Executive	Member	2
3.	Mr. Madhusudan Singrodia	Independent & Non - Executive	Member	-
4.	Mr. Sanjeev Maheshwari	Independent & Non - Executive	Member	2

The Committee met twice during the year i.e., on 30th May 2011 and 4th November 2011.

The terms of reference of the Remuneration Committee are to recommend to the Board, salary (including annual increments), perquisites and allowances, performance linked remuneration, if any, commission to be paid to the Company's Executive/Whole Time Director (ED/WTD) and to finalise the perquisites and allowances package within the overall ceiling fixed by the Board.

7. General Body Meetings:

The details of the Annual General Meeting held during the last 3 years are as under:

Financial Year	Date	Time	Venue	Special Resolution (s)
2010 - 2011	23.08.2011	10:30 am	Hotel The Mirador 131 - B, New Link Road Opp. Solitaire Corporate Park Chakala, Andheri (East) Mumbai - 400 099	Two
2009 - 2010	29.09.2010	10:30 am	Hotel The Mirador 131 - B, New Link Road Opp. Solitaire Corporate Park Chakala, Andheri (East) Mumbai - 400 099	Two
2008 - 2009	29.09.2009	11:30 am	Hotel Sun City Residency 16th Road, MIDC Opp. Prasad Building Andheri (East), Mumbai 400093	One

8. Disclosures:

There were no other related party transactions of material nature with the Promoters, Directors, the management or their subsidiaries or relatives during the year that may have potential conflict with the interest of the Company at large. However, attention is drawn to note no. 25 on the Accounts.

There were no instances of non-compliance on any matter related to the capital market during the past three years and that no penalties or strictures were imposed on the Company by any Stock Exchange or SEBI.

The Board affirms that no person has been denied access to the Audit Committee during the year. The Company has complied with mandatory provisions of corporate governance and is in the process of adopting the non-mandatory provisions of corporate governance.

9. Means of Communication:

The results of the Company are furnished to the BSE Limited on a periodic basis (quarterly, half yearly and annually) after the approval of the Board of Directors. The results are normally published in "The Asian Age" – English Newspaper and "Mumbai Lakshdeep", Marathi Newspaper within 48 hours after the approval of the Board. These are not sent individually to the shareholders. However, the Company furnishes the same on receipt of a request from the shareholders.

Management discussion and Analysis Report is attached herewith forming part of the Annual Report.

10. General Shareholders Information:

a) Annual General Meeting

Day, Date and Time : Tuesday the 18th September 2012 at 10:30AM

Venue : Hotel The Mirador,
131-B, New Link Road (Guru Hargovindji Road),
Opp. Solitaire Corporate Park,
Chakala, Mumbai- 400 099

b) Financial Calendar for 2012-13(Tentative)

Financial Year:

April 1 to March 31

Results for the quarter ending June 30, 2012

On or before 15th August, 2012

Results for quarter ending September 30, 2012

On or before 15th November, 2012

Results for quarter ending December 31, 2011

On or before 15th February, 2013

Results for year ending March 31, 2012

On or before 30th May, 2013

Annual General Meeting:

September, 2013

c) Date of Book Closure

Book Closure dates are from Wednesday the 12th day September 2012 to Tuesday the 18th September 2012 (both days inclusive).

d) Dividend payment Date

Dividend will be paid on or after 18th September 2012.

e) Listing on Stock Exchanges & Listing fees.

The Company's shares are listed on:

BSE Limited (BSE)

Phrioze Jeejeebhoy Towers

Dalal Street

Mumbai - 400 001.

Applicable listing fee has been paid.

f) Stock Code & ISIN

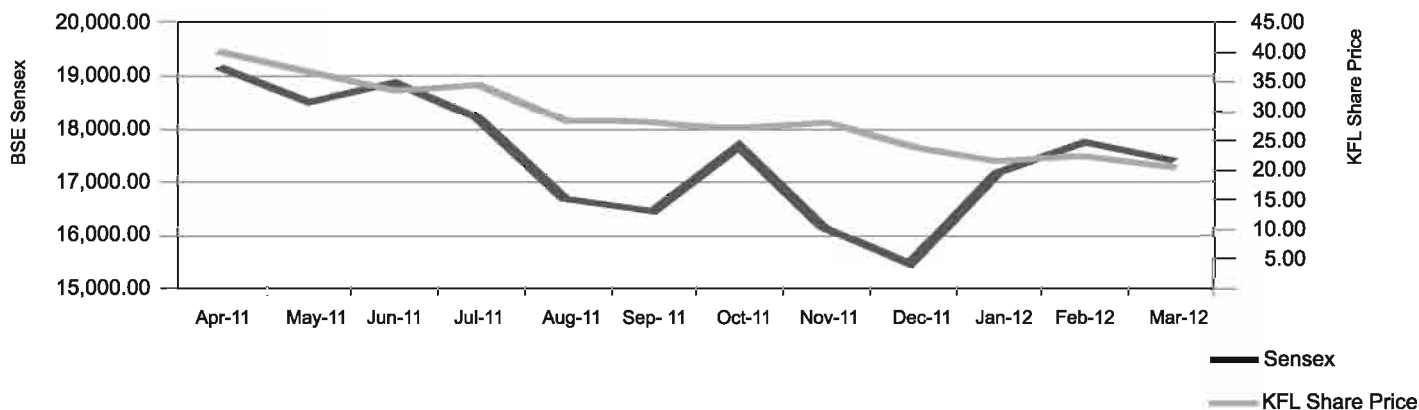
Stock Code at BSE Limited is 514322. ISIN is INE535C01013.

g) Market Price Data

(i) The monthly high and low quotations of shares traded on BSE Limited is as follows:

Month	(Amount in ₹)	
	High	Low
April, 2011	47.10	40.00
May, 2011	45.95	36.35
June, 2011	39.40	33.50
July, 2011	41.60	34.25
August, 2011	39.65	28.20
September, 2011	33.60	28.05
October, 2011	32.55	26.90
November, 2011	34.80	28.15
December, 2011	32.90	24.05
January, 2012	28.00	21.40
February, 2012	27.60	22.55
March, 2012	26.00	20.50

(ii) Performance of the stock in comparison to BSE Sensex



h) Registrar and Share Transfer Agent

The Company has appointed Sharex Dynamic (India) Private Limited for processing and approving the transfer of shares. Their contact details are as follows:

Sharex Dynamic (India) Private Limited
 Unit No.1, Luthra Industrial Premises, Safed Pool
 Andheri - Kurla Road, Andheri (East)
 Mumbai – 400 072. Phone – 28515606 & 5644 Fax: 28512885.
 Concerned officer in charge of the Registry is Mr. T. Shashi Kumar.
 Email: sharexindia@vsnl.com

i) Share Transfer System.

Applications for transfer of shares held in physical form are received at the office of the Registrars and Share Transfer Agents of the Company. All valid transfers are processed and affected within 15 days from the date of receipt.

Shares held in the dematerialized form are electronically traded by Depository Participants at the request of beneficial owners (shareholders) and the Registrars and Share Transfer Agents of the Company periodically receive from the Depository Participants the beneficiary holdings so as to enable them to update their records and to send all corporate communications, dividend warrants etc.

j) Nomination Facility:

The Companies (Amendment) Act, 1999 has introduced through section 109A, the facility of nomination to share/debenture/deposit holders. This facility is mainly useful for all holders holding the shares/debentures/fixed deposits in single name. In case securities are held in joint names, the nomination will be effective only in event of death of all the holders.

Investors are advised to avail of this facility, especially those holding securities in single name to avoid the process of transmission by law.

Investors holding shares in physical form may obtain Nomination Form from the Registrar and Share Transfer Agent of the Company at Mumbai. However, if the shares are held in dematerialized form, the nomination has to be conveyed to your depository participants directly, as per the format prescribed by them.

k) Distribution of shareholding as on 31st March 2012:

No. of Shares	No. of Shareholders	% of Shareholders	Shareholding (₹)	% of Shareholding
Upto 5000	1119	83.63	726200	3.41
5001 – 10000	87	6.50	704540	1.39
10001 – 20000	49	3.66	10178	1.40
20001 – 30000	24	1.80	610710	1.21
30001 – 40000	13	0.97	472690	0.93
40001 – 50000	4	0.30	99150	0.39
50001 – 100000	15	1.12	1048570	2.07
100001 and above	27	2.02	45176622	89.20
Total	1338	100.00	50648660	100.00

Categories of Shareholders as on 31st March 2012 are as under:

Category	Number of shares	%
Promoters	1814459	35.82
Banks/MFs/FIs	900	0.02
Bodies Corporate	2466603	48.69
Indian Public	778136	15.37
NRIs/OCBs	4668	0.09
Clearing Members	100	0.01
Total	5064866	100.00

I. Dematerialisation of shares:

About 97.85% of the shares have been dematerialised as on 31st March 2012. The equity shares of Kamadgiri Fashion Limited are traded on the BSE Limited.

The equity shares of the Company are permitted to be traded in dematerialized form only.

m. Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity:

The Company has not issued any GDRs/ADRs/Warrants or any convertible instruments.

n. Plant Locations:

The Company's plants are located at:
43/2, Ganga Devi Road,
Umbergaon – 396 171, Dist. Valsad (Gujarat).

C-4/2/2, MIDC
Tarapur - 401 506, Dist. Thane (Maharashtra).

J-72/1, MIDC
Tarapur - 401 506, Dist. Thane (Maharashtra).

B-7/3, MIDC
Tarapur - 401 506, Dist. Thane (Maharashtra).

o. Address for investor correspondence:

For any assistance regarding dematerialization of shares, share transfers, transmissions, change of address, payment of dividend on shares and any other query relating to shares of the Company, Registrar & Share Transfer Agent may be contacted at the following address:

Sharex Dynamic (India) Private Limited
Unit No.1, Luthra Industrial Premises, Safed Pool
Andheri Kurla Road, Andheri (East)
Mumbai – 400 072.
Phone – 022 28515606 & 022 28515644 Fax: 022 28512885.
Concerned officer incharge of the Registry is Mr. T. Shashi Kumar.
Email: sharexindia@vsnl.com

Shareholders holding shares in electronic mode should address all their correspondence to their respective Depository Participants (DPs).

11. Compliance with Non-Mandatory Requirements:

The extent of compliance in respect of non-mandatory requirements is as follows:

(a) Chairman of the Board: The Company has an executive Chairman and hence the requirement pertaining to reimbursement of expenses to a non-executive Chairman does not arise. No specific tenure has been specified for the Independent Directors. However, they are liable to retire by rotation and seek re-appointment from the members.

- (b) **Remuneration Committee:** Details regarding Remuneration Committee have already been dealt under para 4 of this report.
- (c) **Shareholders' Right:** As the financial results of the Company are published every quarter in English and Marathi newspapers having a wide circulation, the same need not be sent to shareholders individually. However, the Company furnishes the quarterly and half yearly results on receipt of a request from the shareholders.
- (d) **Audit Qualifications:** There are no audit qualifications/observations on the Financial Statements for the year 2011-12.
- (e) **Training to Board Members:** No training has been provided to the Board Members as on date of this report. The Directors are interacting with management in a very free and open manner on information that may be required by them for orientation with the business of the Company.
- (f) **Mechanism for evaluating Non-executive Board Members:** There is no formal mechanism for evaluating performance of the non-executive directors at present.
- (g) **Whistle Blower Policy:** The Company has not implemented any formal whistle blower policy as yet.

12. Compliance:

A certificate has been obtained from the Statutory Auditors of the Company regarding compliance of corporate governance and attached to this report.

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To The Members of
Kamadgiri Fashion Limited

We have examined the compliance of conditions of Corporate Governance by Kamadgiri Fashion Limited for the year ended on 31st March 2012 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 was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the 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, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We 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 and on behalf of
Haribhakti & Co.
Chartered Accountants
FRN No. 103523W

Place: Mumbai
Date: 29th May 2012

Sumant Sakhardande
Partner
Membership No.: 34828