

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 practicing 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 2014 is 6 Directors comprising of 2 Promoter Directors, 1 Non-Executive Director and 3 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 [DIN 00516381]	Promoter & Executive	1	-	4	Present
Mr. Lalit Goenka [DIN 01792275]	Promoter & Non - Executive*	-	-	-	Absent
Mr. Anil Biyani [DIN 00005834]	Non - Independent & Non - Executive	6	-	4	Present
Mr. Ashwani Bhatia [DIN 02845950]	Independent & Non - Executive	-	-	4	Present
Mr. Madhusudan Singrodia* [DIN 00282860]	Independent & Non - Executive	-	-	-	Absent
Mr. Rahul Mehta [DIN 00165521]	Independent & Non - Executive	2	-	3	Absent
Mr. Sanjeev Maheshwari [DIN 02431173]	Independent & Non - Executive	2	-	3	Absent

Exclude alternate directorships, directorships in private limited companies, companies registered under section 25 of the Companies Act, 1956 and foreign companies.

[^] In accordance with clause 49 of the Listing Agreement, membership/chairmanship of only the Audit Committee and Shareholders'/Investors Grievance Committee of the public limited companies (excluding membership/chairmanship in the Company) has been considered.

* Resigned as director on 30/05/2013.

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 of Notes to Financial Statements. 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 2013-2014, 4 (Four) Board Meetings were held i.e. on 30th May 2013, 9th August 2013, 8th November 2013 and 11th February 2014 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.

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 and section 292A of the Companies Act, 1956. 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 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 Exchange. 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 2013, 9th August 2013, 8th November 2013 and 11th February 2014. 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	3
2.	Mr. Ashwani Bhatia	Independent & Non- Executive	Member	4
3	Mr. Rahul Mehta	Independent & Non- Executive	Member	3

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 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 Director of the Company during the year ended 31st March 2014 are given as under:

	Particulars	Unit	Pradip Kumar Goenka
a)	Salary p.a.	₹	30,00,000/-
b)	Fixed Component- Contribution to Provident Fund	₹	1,44,000/-
c)	Bonus, Benefits & Other Allowances	₹	Nil
d)	Service contract	Years	3
e)	Notice Period	Months	3
f)	Severance Fees	₹	Nil

The Company has also paid sitting fees of ₹ 88,000/-to Mr. Ashwani Bhatia, ₹ 66,000/- to Mr. Rahul Mehta, ₹ 60,000/-to Mr. Sanjeev Maheshwari and ₹ 48,000/-to Mr. Anil Biyani, Non-Executive Directors.

5. Shareholders/Investors Grievance Committee:

The Shareholder's/Investors Grievance Committee presently comprises of 3 Non-Executive Directors including 2 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.

During the year 2013-2014, the Committee met 4 times i.e., on 30th May 2013, 9th August 2013, 8th November 2013 and 11th February 2014.

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	4
2.	Mr. Madhusudan Singrodia*	Independent & Non-Executive	Member	-
3.	Mr. Rahul Mehta	Independent & Non-Executive	Member	3
4.	Mr. Anil Biyani**	Non-Independent & Non-Executive	Member	4

*Upto 30th May 2013

**W.e.f. 30th May 2013

During the year 2013-2014, the Company had received one complaint from SEBI (Securities and Exchange Board of India) and/or shareholders/investors. There was no complaint pending as on 31st March 2014. Also, no request for transfer and dematerialization was pending as on the said date.

6. Remuneration Committee

The Remuneration Committee presently comprises of 3 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:

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

*Upto 30th May 2013

During the year 2013-14, there was no meeting of the Committee held.

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)
2012 -2013	24.09.2013	10:30 AM	Hotel Kohinoor Continental Andheri - Kurla Road J.B. Nagar Andheri (East) Mumbai - 400059	Nil
2011 - 2012	18.09.2012	10:30 AM	Hotel The Mirador 131-B, New Link Road Opp. Solitaire Corporate Park Chakala, Andheri (East) Mumbai - 400 099	One
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

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 of Notes to Financial Statements.

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" or "Business Standard" – English Newspaper and "Mumbai Lakshdeep", Marathi Newspaper within 48 hours after the approval of the Board. These were 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: Friday the 26th September 2014 at 11:00 AM

Venue : Mirage Hotel, International Airport Approach Road, Marol, Andheri (East),

Mumbai – 400059

b) Financial Calendar for 2014-15(Tentative)**Financial Year:**

April 1 to March 31

Results for the quarter ending 30th June 2014

On or before 14th August 2014

Results for quarter ending 30th September 2014

On or before 14th November 2014

Results for quarter ending 31st December 2014

On or before 14th February 2015

Results for year ending 31st March 2015

On or before 30th May 2015

Annual General Meeting:

September 2015

c) Date of Book Closure

Book Closure dates are from Friday the 19th day of September 2014 to Friday the 26th day of September 2014 (both days inclusive).

d) Dividend payment Date

Dividend will be paid on or after 26th September 2014

e) Listing on Stock Exchanges & Listing fees

The Company's shares are listed on:

BSE Limited (BSE)

Phiroze Jeejeebhoy Towers

Dalal Street

Mumbai -400 001.

Applicable listing fee has been paid.

f) Stock Code & ISIN

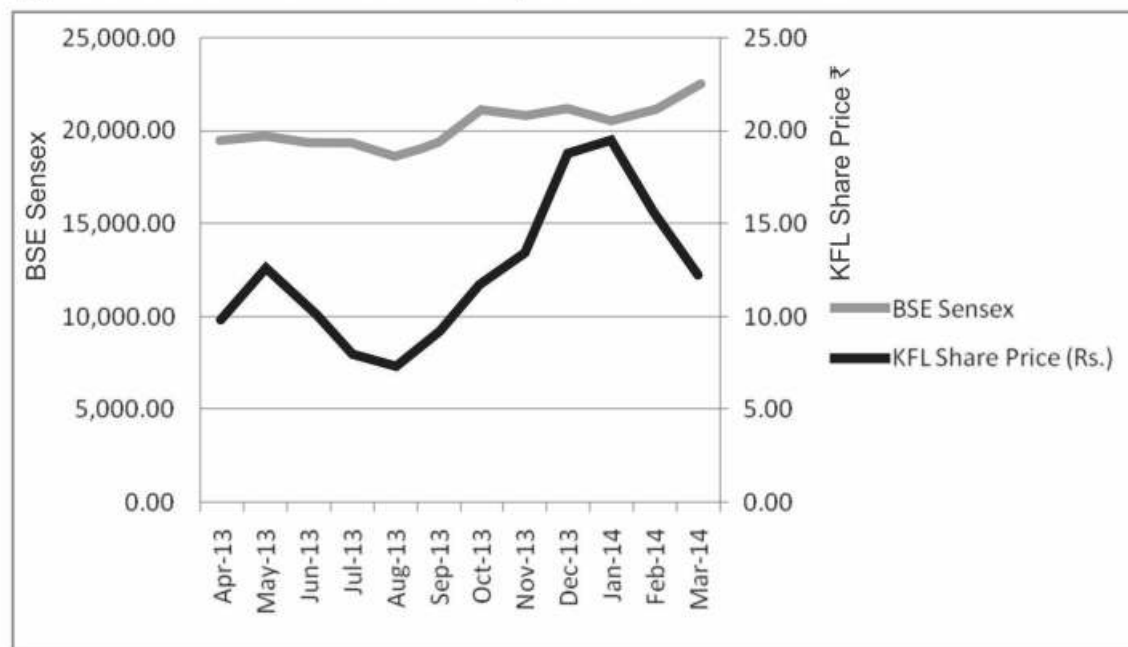
Stock Code at BSE Limited is 514322. ISIN is INE535C01013.

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, 2013	15.30	9.80
May, 2013	12.65	7.75
June, 2013	12.65	10.00
July, 2013	10.55	7.96
August, 2013	7.57	6.85
September, 2013	9.16	7.01
October, 2013	11.85	9.61
November, 2013	13.69	12.44
December, 2013	18.85	14.11
January, 2014	20.80	17.90
February, 2014	20.80	14.75
March, 2014	15.00	12.40

(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 Registrar 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 dematerialised form are electronically transferred by Depositories at the request of beneficial owners (shareholders) and the Registrar and Share Transfer Agents of the Company periodically receive from the Depositories 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 facility of nomination is mainly useful for all holders holding the shares 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 prescribe 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 2014

Distribution range of Shares	No. of Shareholders	% of Shareholders	No. of Shares	% of total Shares
Upto 500	1093	83.95	164630	3.25
501 – 1000	82	6.30	66329	1.31
1001 – 2000	48	3.68	69836	1.38
2001 – 3000	20	1.53	50435	0.99
3001 – 4000	16	1.23	57733	1.14
4001 – 5000	4	0.31	19145	0.38
5001 – 10000	13	1.00	89736	1.77
10001 and above	26	2.00	4547022	89.78
Total	1302	100.00	5064866	100.00

Categories of Shareholders as on 31st March 2014 is as under

Category	Number of shares	%
Promoters	1814459	35.82
Banks/MFs/FIs	900	0.02
Private Bodies Corporate	2448040	48.33
Indian Public	796262	15.72
NRIs/OCBs	5093	0.10
Clearing Members	112	0.01
Total	5064866	100.00

l) Dematerialisation of shares

About 98.37% of the shares have been dematerialised as on 31st March 2014. The equity shares of Kamadgiri Fashion Limited are traded in 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 plant is located at:

31/3, 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).

o) Address for investor correspondence

For any assistance regarding dematerialisation 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 in charge 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 during the year ended on 31st March 2014 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 has already been dealt under para 4 of this report.
- (c) Shareholders' Right:** As the financial results of the Company is published every quarter in English and Marathi newspapers having a wide circulation, the same has not been 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 2013-14.

- (e) **Training to Board Members:** No formal 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 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,
Kamadgiri Fashion Limited.

We have examined the compliance with the conditions of Corporate Governance by Kamadgiri Fashion Limited ("the Company") for the year ended 31st March 2014 as stipulated in clause 49 of the listing agreement of the said Company with the Stock Exchanges in India, with the relevant records and documents maintained by the Company and furnished to us and the report on Corporate Governance as approved by the Board of Directors.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedure and implementation thereof, adopted by the Company for ensuring compliance with 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, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned listing agreement.

We further state that our examination of 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
Firm Registration No. 103523W

Place: Mumbai
Date: 28th May 2014

Atul Gala
Partner
Membership No. 048650