

MALOO GEMS & JEWELLERY LIMITED

Report on Corporate Governance (Pursuant to Clause 49 of the Listing Agreement)

A. Mandatory Requirements

The Board of Directors of the Company gives due support to the principles behind the good Corporate Governance. Given below is a report on Corporate Governance:

1. Company's philosophy on code of Corporate Governance

Corporate Governance is an integral part of value, ethics and best business practices followed by the Company. The core values of the Company are commitment to excellence and customer satisfaction, maximizing long-term value for stakeholders, socially valued enterprise and caring for people and environment.

Statutorily, Corporate Governance involves transparency, full disclosure, independent monitoring the state of affairs and being fair to all shareholders. The company's philosophy of corporate governance is not only to meet statutory requirements but also to go beyond that and to attain a high level of transparency and accountancy in the functioning of the Company and the conduct of the business both internal and external. This is done with the sole view to enhance share holder's value.

2. Board of Direct

2.1 Composition of the Board:

The Board of Directors of the Company comprised 4 Non Executive Independent Directors. The Directors also comprised four independent directors. The Chairman is a Executive Director.

Name of Director	Category of Director
Mr. Manish Jaysukhlal Janani	Chairman & Managing Director
Mr. Dipankumar Babulal Patwa	Managing Director
Mr. Jeeyan Dipankumar Patwa	Executive director
Mr. Ravindra Chandulal Sanghavi	Independent and Non Executive

Mr. Ajit Mangaldas Shah	Director Independent and Non Executive Director
Mr. Bhavesh Shashikant Sheth*	Independent and Non Executive Director
Mr. Pankajkumar Vrajlal Shah*	Independent and Non Executive Director

*** Appointed as Additional Director w.e.f. 15/02/2011**

2.2 Responsibilities of the Board

The responsibility such as policy formulation, performance review and analysis and control, direction and management of the affairs of the company is vested in the Board of Directors presided over by the Chairman and Managing Director. The Board has delegated some of its powers to the executives of the company. The Board reviews from time to time such delegated powers and their utilization for effective functioning of the Company.

2.3 Meeting and Attendance Record of Directors

The meetings of the Board of Directors are held at periodical intervals and are generally at the registered office of the Company. The meeting dates are decided well in advance and the agenda and notes on agenda are circulated in advance to the directors. All material information is incorporated in the notes on agenda for facilitating meaningful and focused discussion at the meeting. Where it is not perusable to attach supporting or relevant documents to the agendas, the same is tabled before the meeting. In case of business exigencies or urgency of matters, resolutions are passed by circulation. Senior Management persons are often invited to attend the Board Meetings and provide clarifications as and when required.

During the year under review, the Board met 13 times on the following dates:

26/04/2010	25/05/2010	20/06/2010	02/07/2010
27/07/2010	30/07/2010	16/08/2010	30/08/2010
21/09/2010	11/10/2010	26/10/2010	25/01/2011
15/02/2011			

c. Attendance of Directors at Meetings of Board of Directors and last AGM:

Name of Director	Category of Directorship	No. of Meetings	Attendance at the last AGM
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		Attended	held on 30.09.2010
Mr. Manish Jaysukhlal Janani	Chairman & Managing Director	13	YES
Mr. Dipankumar Babulal Patwa	Managing Director	13	YES
Mr. Jeeyan Dipankumar Patwa	Executive director	7	YES
Mr. Ravindra Chandulal Sanghavi	Independent and Non Executive Director	13	YES
Mr. Ajit Mangaldas Shah	Independent and Non Executive Director	13	YES
Mr. Bhavesh Shashikant Sheth*	Independent and Non-Executive Director	1	NO
Mr. Pankajkumar Vrajlal Shah*	Independent and Non-Executive Director	1	NO

* Appointed as Additional Director w.e.f. 15/02/2011

2.4 Details of Directors seeking re-appointment at the ensuing Annual General Meeting

As per the provisions of the Companies Act, 1956, two third of the directors of a company should be retiring directors, of which one third of such directors are required to retire every year and if eligible, they qualify for re-appointment.

Mr. Ajit Mangaldas Shah, Director of the Company who retire by rotation at the ensuing Annual General Meeting and offer themselves for re-appointment.

Profile of Mr. Ajit Mangaldas Shah, Director being appointed u/s 255 and 256 of the Companies Act, 1956

Name	Mr. Ajit Mangaldas Shah
Date of Birth	15/04/1961
Date of Appointment	26/06/2009
No. of shares held in the company	0
No. of warrants held in the company	

Directorship in other company	No
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2.5 Details of Directors who are as Chairman and Directors in other Public Companies

None of the Directors on the Board is a member of more than 10 Committees and Chairman of more than 5 Committees (as specified in Clause 49 (C) (ii) across all the Companies in which he is a director. The necessary disclosures regarding Directorship and Committee position have been made by the Company.

Directors who are on the Board of the Company as on 31st March, 2011 and the same is reproduced herein below:

Sr. No.	Name of Director	No of Directorship in other Public Companies	No. of Committees positions held as Chairman on other public Companies	No. of Committees positions held as member in other public Company
1.	Mr. Manish Jaysukhlal Janani	--	--	--
2.	Mr. Dipankumar Babulal Patwa	--	--	--
3.	Mr. Jeeyan Dipankumar Patwa	--	--	--
4.	Mr. Ravindra Chandulal Sanghavi	--	--	--
5.	Mr. Ajit Mangaldas Shah	--	--	--
6.	Mr. Bhavesh Shashikant Sheth	--	--	--
7.	Mr. Pankajkumar Vrajlal Shah	--	--	--

3. COMMITTEE OF BOARD:

The Company had Three Board Committees. These are

1. Audit Committee
2. Remuneration Committee
3. Share Transfer & Shareholders/Investor Grievance Committee

Moving with various committees formed and reported in the previous Annual Report and in line with the requirements of SEBI and Stock Exchanges, the Board has formally constituted the following committees of Directors.

3.1 Audit Committee:

The Audit committee constituted by the Board of directors as per the provisions of Clause 49 of the listing Agreements as well as in Section 292A of the Companies Act, 1956, comprises of Two members viz. Mr. Ravindra Sanghvi and Ajit Mangaldas Shah who are well versed with finance, accounts, management and corporate affairs. Two members constitute the quorum of the said Audit Committee Meeting. Mr. Ajit Mangaldas Shah is the Chairman of the committee.

The Audit Committee of the Board of Directors of the Company, Inter-alias, provides assurance to the Board on the adequacy of the internal control systems and financial disclosures.

The audit committee while reviewing the Annual Financial Accounts ensures compliance of the Accounting Standard (AS) issued by the Institute of Chartered Accountants of India.

TERMS OF REFERENCE:

The scope of activities of the Audit Committees includes the following:

- A. Overseeing the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- B. Recommending the appointment and removal of external auditor, fixation of audit fees and also approval for payment of any other Consultancy services provided by the statutory auditor.
- C. Reviewing with management the annual financial statements before submission to the Board, focusing primarily on:
 - Any changes in accounting policies and practices.
 - Major accounting entries abased 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 the interest of company at large.
- D. Reviewing with the management, external and internal auditors, the adequacy of internal control systems.

- E. Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department. Reporting structure, coverage and frequency of internal audit.
- F. Discussion with internal auditors any significant findings and follow up there on.
- G. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control system of a material nature and reporting the matter to the board.
- H. Discussions with external auditors before the audit commences, the nature and scope of audit, as well as conduct post audit discussions to ascertain any area of concern.
- I. Reviewing the company's financial and risk management policies.
- J. To look into the reasons for substantial defaults in the payment to the depositors, shareholders (in case of non payment of declared dividend) and creditors.

Executive summary of the Audit Committee Meetings are placed before the immediate next Board Meetings held after the Audit Committee for deliberations and the full minutes of the same are placed before the following

Board Meeting for recode. The Board of Directors, regularly appraised on the recommendations for the Audit Committee, further, at the beginning of the financial year, the Committee discuss the plan for the internal audit and statutory audit.

Dates of the Audit Committee Meetings are fixed in advance and agenda is circulated to the Directors at least seven days before the meeting.

As required under Clause 49(III)(E) of the Listing Agreement, the Audit Committee had reviewed the following information:

- Management Discussion and analysis of financial condition and results of operations.
- Statement of significant related party transactions submitted by management
- Management letters/letters of internal controls, weaknesses issued by the Statutory Auditors.
- Internal Auditors Reports relating to internal control weaknesses.

- Appointment, removal and terms of remuneration of the internal auditors.

During the year under review, the 4 Audit Committee were held during Financial Year 2010-11. The dates on which the said meetings were held as follows:

26/04/2010	27/07/2010	26/10/2010	25/01/2011
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The necessary quorum was present at the meetings.

3.2 Remuneration Committee

The remuneration committee of the Company comprises of Mr. Manish Janani, Mr. Ravindra Sanghvi and Ajit Mangaldas Shah.

The Remuneration Committee reviewing the overall compensation policy, service agreements and other employments and other employment conditions of Managing / Whole time Directors and Managing Director etc.

There was 3 meeting of Remuneration Committee held during the Financial Year 2010-11

08/04/2010	17/08/2010	06/01/2011
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3.3 Share Transfer & Shareholders'/Investor Grievance Committee:

The Share Transfer & Shareholders' /Investor Grievance committee comprises as under:

Sr. No.	Name	Position
1	Mr. Manish Janani	Chairman
2	Mr. Ravindra Sanghvi	Member
3	Mr. Ajit Shah	Member

The committee is responsible for approving and monitoring transfers, transmission, splitting and consolidation of shares issued by the Company. In addition to that, the committee also monitors redressal of complaints from shareholders relating to transfer of shares, non-receipt of balance sheet etc., No sitting fees is paid to the committee members.

The status of shareholders' complaints received so far/number not solved to the satisfaction of shareholders/number of pending share transfer transactions (as on 31st March, 2011 is given below):

Complaints Status: 01.04.2010 to 31.03.2011

- Number of complaints received so far : NIL
- Number of complaints solved : NIL
- Number of pending complaints : NIL

Compliance Officer:

Mr. Manish Janani is Compliance Officer for the purpose of complying with various provisions of Securities and Exchange Board of India (SEBI), Listing Agreement with Stock Exchanges, Registrar of Companies and for monitoring the share transfer process etc.

4. GENERAL BODY MEETINGS:

- (a) The location and time, where last three years Annual General Meetings are as follows :

Year	Venue	Date	Time
2007-08	B 1, Harikrupa Apartment, Nr Naranpura Railway Crossing, Ahmedabad-380013	30/09/2008	11:30 A.M.
2008-09	B 1 Harikrupa Aprt, Nr. Naranpura Railway Cross, Exchange C G Road, Naranpura, Gujarat India – 380013	30/09/2009	12:30 P.M.
2009-10	306, Mahavir Chambers, Taratia Hanuman Gally, Mahidhar Pura, Surat Gujrat-395 003	30/09/2010	11:30 A.M.

- (b) All the resolutions including special resolutions set out in the respective notices were passed by the shareholders. The following special resolutions were passed in

previous three Annual General Meeting for the following three consecutive financial years:

2010

Following Special Resolutions had been passed in the Annual General Meeting:

- (1) Change in terms of Appointment of Mr. Manish Janani as Managing Director of the Company
- (2) Appointment of Mr. Dipankumar Babulal Patwa as Managing Director of the Company
- (3) Issue of equity shares on preferential basis

2009

Following Special Resolutions had been passed in the Annual General Meeting:

- (1) Shifting of Registered Office from B 1, Harikrupa Aprt., Nr. Naranpura Railway Cross Exchange, C G Road, Navrangpura- 380013, Gujarat to 306, Mahavir Chambers, Taratia Hanuman Gally, Mahidhar Pura, Surat 395 003 with effect from 30/09/2009
- (2) Appointment of Mr. Manish Janani as Managing Director of the Company.

2008

Following Special Resolutions had been passed in the Annual General Meeting:

- (1) Regularize Mr. Manish Muchhala as director of the company.

EXTRA ORDINARY GENERAL MEETING DURING THE YEAR 2010-2011

No Extra Ordinary General Meeting held during the financial year under review.

NO POSTAL BALLOT RESOLUTION PASSED DURING THE YEAR 2010-11

No resolution passed through postal ballot during the year 2010-11.

5. DISCLOSURES:

There were no significant or material related party transactions that have taken place during the year which have any potential conflict with the interest of the company at large. The detailed related party information and transactions have been provided in Note 1(xi) of Schedule P of Notes to Accounts.

CEO/CFO CERTIFICATION:

(Under Clause 49(V) of Listing Agreement)

I Certify that --

a. I have reviewed the financial statements and the cash flow statement for the year 2010-11 and that to the best of our knowledge and belief:

- These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- These statements together present true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations;

b. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year 2010-11 which are fraudulent, illegal or violative of the Company's code of conduct;

c. We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of the internal control, if any, of which we are aware of and the steps we have taken or propose to take to rectify these deficiencies.

d. We have indicated to the Auditors and the Audit Committee -

- Significant changes in internal control over the financial reporting during the year 2010-11;
- Significant changes in accounting policies during the year 2010-11 and that the same have been disclosed in the notes to the financial statements; and
- Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over the financial reporting.

6. MEANS OF COMMUNICATION:

The presentation as to the Company's performance etc., are made to the Institutional Investors/Financial Analysts as and when felt expedient.

The Management Discussions and Analysis Report forms part of the Directors Report and is given separately.

7. GENERAL SHAREHOLDERS' INFORMATION:

- a. 16th Annual General Meeting: Date, Time and venue: 30th September, 2011 at 11.30 a.m. at the Registered Office of the Company.
- b. Financial Year: 1st April 2010 to 31st March 2011.
- c. Financial Calendar:
 - i. 1st quarterly results – last week of June, 2010.
 - ii. 2nd quarter results – last week of September, 2010.
 - iii. 3rd quarter results – last week of December, 2010.
 - iv. 4th quarter results – last week of March, 2011.
- d. Date of Book Closure: Monday, 29th August, 2011 to Monday, 05th September, 2011.
- e. Dividend Payment Date: 30/09/2011
- f. Listing of Equity Shares on Stock Exchanges: The Ahmedabad Stock Exchange Limited Annual listing fees for the financial Year upto 31-03-2011 has been paid.
- g. Stock Code: ASE 34628
- h. Demat ISIN number: **INE142K01011**
- i. Share Transfer System: All the transfers are received and processed by share Transfer agents and are approved by share transfer committee. Share Transfer requests received in physical form are registered within 30 days and demat requests are confirmed within 21 days.
- j. Distribution of Shareholding as on 31.03.2011.

Share Holding of Nominal Value		Share Holders		Share Amount	
Rs.	Rs.	No.	% to total	In Rs.	% to total
upto	5000	1,949	92.94	4071000	5.80
5,001	10,000	35	1.67	350000	0.50
10,001	20,000	3	0.14	55000	0.08
20,001	30,000	0	0.00	0	0.00
30,001	40,000	5	0.24	200000	0.28
40,001	50,000	8	0.38	388000	0.55
50,001	1,00,000	2	0.10	198000	0.28
1,00,001	and above	95	4.53	64938000	92.50
Total		2097	100.00	70200000	100.00

k. Shareholding pattern as on 31.03.2011

Category	No of Shares held	% of Shareholding
a. Promoters and persons who may be deemed to be acting in concert including promoter/directors group		
Companies	2520000	35.90
b. Other bodies corpora	1798400	25.62
c. Indian public	2451600	34.92
d. HUF	250000	3.56
TOTAL	7020000	100

Dematerialization of shares: As on 31-03-11 Demated shares accounted for 48.72% (34,20,200 Equity Shares) of total equity.

Outstanding GDR / ADR / Warrants: Not Applicable

Address for communication:

- M/s.Purva Sharegistry (India) Pvt. Ltd.
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Ground Floor, J. R. Boricha Marg,
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