

Report On Corporate Governance

I. Company's philosophy:

Corporate Governance deals with laws, procedures, practices and implicit rules that determine a Company's ability to take informed managerial decisions vis-a-vis its claimants – in particular, its shareholders, creditors, customers, the state and employees. There is a global consensus regarding the objective of good Corporate Governance maximising long-term shareholder value.

Thus, Corporate Governance is a reflection of a Company's culture, policies, its relationship with its stakeholders and its value commitment. We, at Shree Ganesh, believe that sound Corporate Governance is critical in enhancing and retaining investor trust.

Accordingly, we seek to ensure that we attain our performance rules with integrity.

Our Corporate Governance philosophy is based on the following principles:

- Corporate Governance standards should be complied with in letter and in spirit
- Absolute transparency and disclosure practices should be maintained
- Individual preferences and convenience should be subordinate to corporate conveniences
- External communication regarding how the Company is operates internally should be truthful

- Laws under which the Company operates should be complied with.
- Business needs should drive transparent corporate disclosure.
- Management should act as a trustee of the shareholders' capital and not its owner

Your Company understands that the customer is the purpose of its business and every customer is an important stakeholder of the Company, performing ethically and efficiently to generate long-term value and wealth for all its stakeholders.

Your Company complies with the Corporate Governance Code as enshrined in Clause 49 of the Listing Agreement.

II. Board of Directors:

The composition of the Board of Directors is in conformity with Clause 49 of the Listing Agreement with the stock exchange(s). The Company's Board consists of 8 members which comprise:

- Two Executive Directors
- Two Non- Executive Director Non – Independent Directors
- Four Independent Non-Executive Directors

None of the Directors on the Board is a member of more than 10 Committees, or a Chairman of more than 5 Committees across all the companies in which he is a Director.

III. Board meetings:

The Board holds periodic meetings to review and discuss Company performance, its future plans, strategies and other pertinent items relating to the Company. During the year ended 31 March 2010, 8 Board meetings were held on 14 May, 11 August, 28 August, 09 September, 23 September, 23 December, 19 February and 5 March. The last AGM

was held on 23 September 2009.

The composition of Board of Directors, their attendance at the Board meetings held during the year and at last Annual General Meeting, as also the number of directorships and chairmanships /memberships of Committees of each Director held in various companies as at 31 March 2010 is:

Name of Director	Category of directorships	Board meetings attended during 09-10	Attendance in last AGM	No. of directorships held in other companies	No. of Committee positions held in other companies as ##	
					Chairman	Member
* Mr. Nilesh Parekh	Executive Chairman	8	Yes	–	–	–
Mr. Umesh Parekh	Managing Director	8	Yes	–	–	–
Mr. Sharad Mohata	Non-Executive	8	Yes	–	–	–
Mr. Hemang Raja	Non-Executive	8	Yes	–	–	–
Mr. Satish Chandra Chaturvedi	Independent	7	Yes	–	–	–
Mr. Pawan Singh Ingty	Independent	8	Yes	1	–	–
Mr. Dwarka Prasad Mathur	Independent	3	Yes	–	–	–
Mr. Tushar Kanti Das	Independent	4	Yes	–	–	–

Other directorship does not include alternate directorship; directorship of private companies, Section 25 companies and of other companies incorporated outside India.

Includes the membership/chairmanship of only Audit Committee, Remuneration Committee and Share Transfer cum Investors' Grievance Committee.

* Mr. Nilesh Parekh is the brother of Mr. Umesh Parekh. Other than this, none of the other Directors are, in any way, related to any other Director as per Section 6 of the Companies Act, 1956.

IV. Code of conduct

The Board of Directors of the Company has laid down, on 19 May 2010, a code of conduct for all Board members and senior management of the Company.

V. Audit Committee

The Audit Committee of the Company comprises three Directors, of which are two are Independent and one is Non-Executive. All these Directors possess knowledge of corporate finance, accounts and company law. The Chairman of the Committee is an Independent Director nominated by the Board. The Company

Secretary acts as the Secretary to the Committee. The role and duties of the Audit Committee, defined by the Board of Directors, cover the areas mentioned under Clause 49 of the Listing Agreement (as amended), besides other powers as may be delegated from time to time by the Board of Directors.

During the year under review 3 Audit Committee meetings were held on 14 May 2009, 11 August 2009 and 23 December 2009.

The composition of the Audit Committee and the attendance of members during these meetings are as follows:-

Name	Designation	Status of member	No. of meetings attended
Mr. Satish Chandra Chaturvedi	Chairman	Independent	2
Mr. Pawan Singh Ingty	Member	Independent	3
Mr. Hemang Raja	Member	Non-Executive	3
Mr. Sharad Mohata#	Member	Non-Executive	2

ceased to be the member of the Committee w.e f 9 September 2009

All the above meetings were also attended by the Auditors and the Company Secretary of the Company.

V. Shareholders' Grievance Committee

The Company constituted the Shareholders'/Investors' Grievance Committee to oversee the redressal of shareholders' and/or investors' grievances.

The Board has designated Mr. Mukund Chandak, Company Secretary as the Compliance Officer of the Company. The shareholders may directly mail the Company at investors@sgjhl.com for an early response to their queries.

The composition of the Committee is as follows:

Name	Designation	Status of member
Mr. Satish Chandra Chaturvedi	Chairman	Independent
Mr. Pawan Singh Ingty	Member	Independent
Mr. Sharad Mohata	Member	Non-Executive

During the financial year ended 31 March 2010, no meeting took place and no compliant was received from any shareholder. All valid requests for transfer of shares received during the financial year ended 31 March 2010 have been acted upon by the Company and no such transfer is pending.

V. Remuneration Committee

The Company constituted the Remuneration Committee on 9 September 2009. The remuneration policy of the Company is based on the need to attract the best available talent and is in line with the prevailing trends in the industry.

During the year under review, there was no meeting of the Remuneration Committee, as no revision in remuneration was considered.

The composition of Remuneration Committee is as follows:

There was no pecuniary relationship or transactions between the Company and the Non-Executive Directors. Remuneration/sitting fees paid to Executive/Non-Executive Directors of the Company during the financial year ended 31 March 2010 are detailed as under:

Name	Designation	Status of member
Mr. Pawan Singh Ingty	Chairman	Independent
Mr. Satish Chnadra Chaturvedi	Member	Independent
Mr. Hemang Raja	Member	Non-Executive

Name of Director	Salary and perquisites (Rs. per annum)	Sitting fees (Rs.)	No. of shares held
Mr. Nilesh Parekh	1,800,000	-	8,894,200
Mr. Umesh Parekh	1,800,000	-	9,475,300
Mr. Sharad Mohata	-	120,000	-
Mr. Hemang Raja	-	120,000	-
Mr. Satish Chandra Chaturvedi	-	105,000	-
Mr. Pawan Singh Ingty	-	120,000	-
Mr. Dwarka Prasad Mathur	-	45,000	-
Mr. Tushar Kanti Das	-	60,000	-

V. CEO and CFO certification

As required by Clause 49 of the Listing Agreement, the certificate by Managing Director and Chief Financial Officer of the Company is provided in this annual report.

IX. Details Of Directors appointed/re-appointed

Details of Directors being appointed/re-appointed have been disclosed in the

notice of the Annual General Meeting, i.e. brief resume, nature of expertise in specific functional areas, number of Directorships and Committee memberships and their shareholding in the Company.

X. General body meetings

The last three Annual General Meetings were held as under:

Financial Year ended	Day and date	Time	Venue	No. of Special Resolutions passed
31 March 2007	Thursday, 27 December 2007	11.00 A.M.	25A Camac Street, Kolkata - 700 016	Nil
31 March 2008	Tuesday, 30 September 2008	11.00 A.M.	Anandlok, 227 A J C Bose Road, Kolkata - 700 020	Nil
31 March 2009	Tuesday, 23 September 2009	3.00 P.M.	Avani Signature, 91A/1 Park Street, Kolkata - 700 016	2

No resolution is proposed to be passed by postal ballot in the ensuing Annual General Meeting.

XI. Disclosures

a) The particulars of transactions between the Company and its related parties as

per the Accounting Standard (AS-18) are set out in the Notes on Accounts (Note No. 16) - Schedule -18 forming part of the annual report.

b) The Company has duly complied with the requirements of the regulatory authorities on capital market. No

penalties have been imposed on the Company by the stock exchanges/SEBI, on any matter related to capital markets during the last three years.

- c) A management discussion and analysis report, given in a separate annexure, forms part of this annual report, and is attached herewith.
- d) The Company has fully complied with the mandatory requirements of the Listing Agreement and has fulfilled the following non-mandatory requirements as prescribed in Clause 49 of the Listing Agreement with the stock exchanges:
- i. The Company has set up a Remuneration Committee. Please see section VII for details.

XII. Means of communication

Financial results:

The results of the Company are furnished to the stock exchanges on a periodical basis after approval of the Board of Directors.

The results are normally published in prominent newspapers within 48 hours after approval by the Board. The Company's website is www.sgjhl.com, and the periodic results will be duly posted thereon. Official news releases and notices are sent to the stock exchanges where the equity shares of the Company are listed.

XIII. General shareholder information

Annual General Meeting (Financial Year 2009-10):

Day, date & time: Friday, 27 August 2010, 11.00 A.M.

Venue: Vidya Mandir, 1, Moira Street, Kolkata -700 017

Financial calendar (tentative and subject to change):

1. Financial reporting for the quarter

ended 30 June 2010: second week of August 2010

2. Financial reporting for the quarter ended 30 September 2010: second week of November 2010
3. Financial reporting for the quarter ended 31 December 2010: second week of February 2011
4. Financial reporting for the year ended 31 March 2011: second week of May 2011
5. Annual General Meeting for the year ended 31 March 2011: September 2011

Dividend:

The Board of Directors has recommended a final dividend of Rs. 2 per share on the paid-up equity capital of the Company. The proposed dividend, if approved at the ensuing Annual General Meeting, will be paid to those shareholders whose names appear in the register of members as on the close of business hours on 20 August 2010.

Book closure period:

21 August 2010 to 27 August 2010 (both days inclusive) for Annual General Meeting and payment of dividend.

Listing on stock exchanges and payment of listing fee:

(a) Bombay Stock Exchange Limited (BSE)
P.J. Towers, Dalal Street
Mumbai – 400 001

(b) National Stock Exchange of India Limited (NSE), Exchange Plaza, Bandra-Kurla Complex, Bandra (E), Mumbai – 400 051

Annual listing fee for the year 2010-11 has been duly paid by the Company to the BSE & NSE.

Stock code:

Bombay Stock Exchange – 533180
National Stock Exchange – SGJHL

- ISIN No. in NSDL & CDSL – INE 553K01019
- Corporate Identification Number – L36911WB2002PLC095086

Market price data

As the Company's equity shares received listing and trading permission from NSE on 6 April 2010 and from BSE on 7 April 2010, the information pertaining to market price data is not applicable to the financial year ended 31 March 2010.

Dematerialisation of shares as on 31 March 2010:

The Company's shares are compulsorily traded in dematerialised form and are available for trading in both the depositories in India – National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL).

Particulars of shares	Equity shares of Rs. 10 each	
	Number	Percentage of total
Dematerialised form		
NSDL	39,460,888	81.29
CDSL	0	0
Physical form	9,085,100	18.71
Total	48,545,988	100

Dematerialisation of shares as on 3 April

Distribution of shareholding as on 31 March 2010:

Slab of shareholding	No. of shareholders	Percentage	No. of shares	Percentage
Upto 500	--	--	--	--
501-1000	--	--	--	--
1001- 2000	--	--	--	--
2001-3000	--	--	--	--
3001-4000	--	--	--	--
4001-5000	--	--	--	--
5001-10000	--	--	--	--
10001 and above	40	100.00	48,545,988	100.00
Total	40	100.00	48,545,988	100.00

2010 i.e post-allotment under the IPO

Particulars of shares	Equity shares of Rs. 10 each	
	Number	Percentage of total
Dematerialised form		
NSDL	49,333,127	81.30
CDSL	2,264,258	3.73
Physical form	9,085,100	14.97
Total	60,682,485	100

Registrar and Transfer Agent:

Link Intime India Private Limited
C13, Kantilal Maganlal Industrial Estate,
Pannalal Silk Mills Compound,
LBS Marg, Bhandup (West),
Mumbai – 400 078
Tel : 022 25960320 Fax: 022 25960329
Email: sgjhl.ipo@linkintime.co.in

Share transfer system:

The Company has 81.29 % of its shares are in electronic form. Transfer of these shares is done through the depositories with no involvement of the Company. The share transfers which are received in physical form are processed, and the share certificates returned within a period of 15-20 days from the date of receipt of the transfer, subject to documents being valid and complete in all respects.

Distribution of shareholding as on 3 April 2010 i.e. post-allotment under the IPO:

Slab of shareholding	No. of shareholders	Percentage	No. of shares	Percentage
Upto 500	20,359	98.61	3,527,054	5.81
501-1000	85	0.41	59,874	0.10
1001- 2000	49	0.24	70,968	0.12
2001-3000	17	0.08	40,465	0.07
3001-4000	17	0.08	58,962	0.10
4001-5000	14	0.07	64,515	0.11
5001-10000	29	0.14	181,618	0.30
10001 and above	77	0.37	56,679,029	93.40
Total	20,647	100.00	60,682,485	100.00

Category of shareholders as on 31 March 2010

Category	No. of shares held	Percentage of shareholdings
Promoters and promoter group	42,879,320	88.33
Institutional investors	5,333,334	10.98
Corporate bodies	333,334	0.69
Indian public	Nil	Nil
NRIs/OCB	Nil	Nil
Total	48,545,988	100

Category of shareholders as on 9 April 2010 i.e post-allotment under the IPO

Category	No. of shares held	Percentage of shareholdings
Promoters and promoter group	42,879,320	70.66
Institutional investors	9,284,131	15.30
Corporate bodies	2,090,552	3.44
Indian public	3,930,228	6.48
NRIs/OCB	20,486	0.03
Fis/banks/MFs	2,477,768	4.08
Total	60,682,485	100

Registered office: 413 Vardaan Market, 25A Camac Street, Kolkata-700016

Corporate office: Avani Signature, Block 402, 91A/1 Park Street, Kolkata-700 016
E-mail: investors@sgjhl.com

Plant location: Module GSW, 4SW & GNE2, Manikanchan SEZ, SDF Building Sector V, Saltlake, Kolkata – 700 091

Address for correspondence: The Company Secretary
Shree Ganesh Jewellery House Limited
Avani Signature, Block 402, 91A/1 Park Street,
Kolkata-700 016
E-mail: investors@sgjhl.com

For and on behalf of the Board of Directors

19 May 2010
Kolkata

Nilesh Parekh
Chairman

Compliance certificate:

To:
The Members
Shree Ganesh Jewellery House Limited

I have examined the compliance of conditions of Corporate Governance by Shree Ganesh Jewellery House Limited (the Company) for the year ended on 31 March 2010, as stipulated in Clause 49 of the Agreement of the said Company with the stock exchanges.

The Company has made Initial Public Offering (IPO) of 12,136,497 equity shares and has allotted the said shares on 3 April 2010. The Company's equity shares have been listed at Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE) on 9 April 2010.

As provided under Paragraph no. 6 of SEBI Circular No. SEBI/CFD/DIL/1/2004/12/10 dated 29 October 2004, it is considered satisfactory compliance of Clause 49 by the Company, if it has set up its Board of Directors and constituted Committees such as Audit Committee, Shareholders'/Investors' Grievance Committee etc. in accordance with Clause 49 before seeking the in-principle approval for listing, which the Company has complied with. Clause 49 of the Listing Agreement is applicable to the Company,

on and from 9 April 2010 i.e on listing of its equity shares.

The compliance of conditions of Corporate Governance is the responsibility of the management. My examination was limited to the procedures and implementation there of, adopted by the Company for ensuring compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the Company.

In my opinion and to the best of my information and according to the explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance, as applicable before listing of its equity shares.

I state that no investor grievance was pending for a period exceeding one month against the Company, as per records maintained by the Company.

I 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 its affairs.

Place: Kolkata
Date: 19 May 2010

B. P. Dhanuka
Practicing Company Secretary
C P No. 6041, FCS 615