

CORPORATE GOVERNANCE REPORT**(1) COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE**

The company's continued endeavor is to achieve good governance, by way of constant efforts whereby ensuring the transparency, accountability and responsibility in our dealing with employees, shareholders, consumers and community at large. The Board of Directors represents the interest of the company by way of providing necessary guidance and strategic vision to the company.

(2) BOARD OF DIRECTORS

The composition of the Board, Category of Directors and Number of Directorship & Membership / Chairmanship of Committees in other Companies are as under :

Name of Director	Category	Remuneration received during the year under review	No. Of Outside Directorship (s) Held		No. Of Outside Committee Position Held	
			Public	Private	Member	Chairman
Mr. Dhiren K Thakkar	Chairman & Managing Director	NIL	NIL	NIL	NIL	NIL
Mr. Vinodchandra K. Pandva	Independent Director	NIL	NIL	NIL	NIL	NIL
Mr. Bachubhai K. Patel	Independent Director	NIL	NIL	NIL	NIL	NIL

The code stipulates that the Company shall have an optimum combination of Executive & Non-executive Director with not less than 50 % of Board of Directors comprising of Non-executive Directors. The number of independent Directors would depend on whether the Chairman is executive or non-executive. In case of non-executive chairman, at least 1/3 of Board should comprise of independent directors and in case of Executive Chairman, at least 1/2 of the Board should comprise of independent directors.

The Company has been complying with both the provisions towards number of non-executive directors as well as Independent Directors.

Number of Board Meetings :

During the year under review, 6 Board Meeting were held on, 30th April, 2008, 31st July, 2008, 27th August, 2008, 8th October 2008, 31st Oct, 2008 and 31st January, 2009

Directors Attendance Record

Name of Director	Category	Board Meeting attended during the year	Whether last AGM attended
Mr. Dhiren K Thakkar*	Chairman & Managing Director	6	Yes
Mr. Hitesh K. Thakkar**	Chairman & Managing Director	3	Yes
Mr. Umesh Khese **	Independent Director	3	Yes
Mr. Bachubhai K. Patel *	Independent Director	2	No
Mr. Vinodchandra K Pandya*	Independent Director	2	No

* Appointed W. E. F. 08-10-2008 ** Resigned W. E. F. 08-10-2008

None of the Directors of the Company are members of more than Ten Committees of Board or the Chairman of more than Five Committees across all Companies in which they are Directors.

The details of other Committee Chairmanship and Membership held by the Directors of the Company as at 31st March 2009 are given below :

Name of the Director	Chairman of Committee*	Member of Committee*
Mr. Dhiren K Thakkar	Nil	1
Mr. Hitesh K. Thakkar	Nil	Nil
Mr Umesh Khese	Nil	Nil
Mr. Vinodchandra K Pandya*	2	Nil
Mr. Bachubhai K. Patel *	Nil	2

Mr. **Vinodchandra K. Pandya** has been appointed as Chairman of the audit committee and Mr. **Bachubhai K. Patel** has been appointed as Member of the audit committee w. e. f. 8th October 2008.

Only two committees, namely, Audit Committee and Shareholder/Investor Grievance Committee has been considered as per Clause 49 of the Listing Agreement.

(3) AUDIT COMMITTEE

The Board of Directors of the Company has constituted an Audit Committee. The terms of reference to the Audit Committee cover the matters specified under Clause 49 of the Listing Agreement as well as Section 292A of the Companies Act 1956.

Presently, the committee consists of 3 Directors; all directors are majority of them being independent. The committees met 2 times during the year under review on 31st October 2008 and 31st January 2009.

The terms of reference of the Audit Committee include, overseeing of the Company's financial reporting process, recommending the appointment and removal of the external auditors, fixation of the audit fees with management, the annual financial statements, the adequacy of internal control systems, internal audit function, reviewing the company's financial and risk management policies, review of the expenses vis-à-vis budget, report on compliances with statutory requirements, reviewing compliances as regards the Company's Whistle Blower Policy etc. The audit committee reviews the adequacy of internal control systems etc. as mentioned in the scope and powers of the Audit Committee in Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956.

The minutes of the Audit Committee are circulated to the Board, discussed and taken note of at the Board Meeting.

The attendance record of the members at the meeting is as under.

Name of Director	No. Of Meeting Attended
Mr. Vinodchandra Pandya	2
Mr. Bachubhai Patel	2
Mr. Dhiren K. Thakkar	2

(4) SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE

The Board of Directors of Company has constituted Shareholders / Investors Grievance Committee. Presently, the Committee consists of 3 Directors & Chairman of the Committee is non-executive director. The Committee met 2 times during the year under review on The committees met 5 times during the year under review on 31st October 2008 and 31st January 2009. The attendance record of the members at the meeting is as under :

Name of Director	No. Of Meeting Attended
Mr. Vinodchandra Pandya	2
Mr. Bachubhai Patel	2
Mr. Dhiren K. Thakkar	2

In order to facilitate prompt and efficient services to the Shareholders, for transactions in connections with transfer, transmission, dematerialization etc. Company has appointed M/S System Support Services as Registrar & Share Transfer Agent as per the circular issued by the SEBI.

The Company has not received any complaints during the year.

(5) EMUNERATION COMMITTEE AND POLICY :

The Board of Directors has constituted a Remuneration Committee, to determine the remuneration payable to the Managing Director & Executive Directors taking into account their qualification, experience, contribution and the prevailing levels of remuneration in companies of corresponding size & nature. Presently the Company is not paying any remuneration to any of its directors.

The Details of payment of Directors during the year are given below:

Name	Sitting Fees for attending Board Meeting & Committee Meeting * Rs.
Mr. Dhiren K Thakkar	Rs. Nil
Mr. Hitesh K. Thakkar	Rs. Nil
Mr. Umesh Khese	Rs. Nil
Mr. Vinodchandra K Pandya	Rs. Nil
Mr. Bachubhai K. Patel	Rs. Nil

* The company has not paid sitting fees in the financial year 2008-2009 to any of the non - executive directors.

(6) GENERAL BODY MEETING

(a) Details of last three Annual General Meeting are as under :

1. September 30, 2005 TJR House, Opp. Sushrusha Hospital, Off.C.G. Road, Navrangpura, Ahmedabad – 380 009
2. September 30, 2006 TJR House, Opp. Sushrusha Hospital, Off.C.G. Road, Navrangpura, Ahmedabad – 380 009
3. September 29, 2007 TJR House, Opp. Sushrusha Hospital, Off.C.G. Road, Navrangpura, Ahmedabad – 380 009
4. September 30, 2008. 203-Abhijeet -1, Nr. Mithakhali Six Roads, Ellisbridge, Ahmedabad – 380 006

(b) Postal Ballot :

During the year no resolution was put through postal ballot and neither during the current year any resolution is proposed to be conducted through postal ballot.

(c) Special Resolution :

Financial Year	Date of Meeting	No. of Special Resolution passed
2008-2009	30.9.2009	Nil
2007-2008	30.9.2008	Nil
2006-2007	29.9.2007	Nil

(7) DISCLOSURES

- a) Disclosure on materially significant related party transaction i.e. transaction of the Company of the material nature, with the promoters, the Directors or the Management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large.

As per Note 14 of Schedule 19 – Notes on Accounts.

- b) Details of non-compliance by the company, penalties and strictures imposed on the Company by stock Exchange or SEBI or other authority on any matter related to capital markets during last three years :

Nil

c) Code of Conduct

The Board has laid down a code of conduct for all the Board Members and senior Management of the company. All the Board Members and Senior Management Personnel have affirmed compliance with the Code on an annual basis.

d) Whistle Blower Policy

The Company does not have any Whistle Blower Policy as of now but no personnel are being denied any access to the Audit Committee.

e) Secretarial Audit

A qualified practicing Company Secretary has carried out a secretarial audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The secretarial audit report confirms that the total issued / paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

f) Details of Companies with mandatory requirements and adoption of the non - mandatory requirements of this clause :

The Company has complied with all the mandatory requirements. As regards the non - mandatory requirements they are complied with to the maximum extent.

g) CEO CERTIFICATION

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges the Managing Director of the Company has certified to the Board in compliance with the Clause 49 (V) regarding CEO/CFD certification.

(8) MEANS OF COMMUNICATION

Half yearly report sent to each household of shareholders.	No,
Quarterly Results	-do-

Any website where displayed	We are in the process of developing on company's website
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Newspaper in which results are normally published in	—
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Whether Management Discussion and Analysis is a part of the Annual Report	Yes
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Pursuant to the requirement of Clause 47 (F) of the Listing Agreement, the company has also created email address for making investor's grievance directly i.e. koeil@yahoo.com.

As per Clause 41 of Listing Agreement of Stock Exchanges the Quarterly (un-audited provisional) and Annual Audited Financial Results of the Company are sent to the Stock Exchanges immediately after the Board approves them. The results are published in accordance with the provisions of Listing Agreement with Stock Exchanges.

DIRECTORS PRESENT AT THE LAST ANNUAL GENERAL MEETING DATED SEPTEMBER 29, 2008.

- | | |
|---------------------------|-------------------------------|
| 1. Shri Hitesh K. Thakkar | Director & Compliance Officer |
| 2. Shri Dhiren K. Thakkar | Chairman & Managing Director |

OTHER DETAILS :

- | | | |
|---|---|---|
| BOOK CLOSURE DATE | : | September 28, 2009 To
September 30, 2009.
(Both days inclusive) |
| REGISTRAR AND SHARE
TRANSFER AGENT | : | System Support Services
209, Shivai Industrial Estate,
89, Andheri – Kurla Road,
Sakinaka, Andheri (E),
Mumbai - 72. |
| ISIN NUMBER OF THE COMPANY | : | INE 252 C 01015. |
| Audited Balance Sheet as on 31/03/2009
Signed by Directors & Auditors on
Dividend Payment Programme | : | 1 st September, 2009
No Dividend is recommend for the year |
| DEMATERIALISATION OF SECURITIES | : | Total Demat Shares 5420608
Representing 29.44% of total Equity
Shares 12991832 Shares held
in physical from Representing
70.56% of total Equity Shares. |
| DETAILED PROGRAMME OF THE
17 TH ANNUAL GENERAL MEETING | : | Date : 30 th September, 2009
Day : Wednesday
Time : 1.00 P.M.
Venue : 203, 2 nd Floor,
Abhijeet – 1,
Mithakhali Six Roads,
Ahmedabad – 380 006 |
| LISTING DETAILS | : | Equity Shares of the Company are
Listed on following exchanges

The Stock Exchange, Ahmedabad.
The Stock Exchange, Mumbai
The Stock Exchange, Culcatta
The Stock Exchange, Jaipur |

STOCK EXCHANGE CODE : ASE Code : 29590
BSE Code : 500236

Market Quotations and Number of Shares traded during the financial year ended on 31/03/2009.

The trading platform of the Stock Exchange Ahmedabad, Calcutta & Jaipur was inactive during the year. The Trading in stock of the company is suspended by the stock exchange Mumbai. The company is following up for lifting of such suspension. The BSE listing committee will take final decision for lifting of suspension from trading in shares of the company. Hence, no price of stocks and trading volume are available and hence not given herewith.

As the company's shares are not forming part of any index of Stock Exchange, No Index wise price movement of shares are given herewith as the same is irrelevant.

CATEGORY WISE HOLDING OF SHARES (AS ON 31/03/09)

Category	No. of shares held	% of Holding
Promoters / Directors / PACs	4708980	25.575
Body Corporate shareholders	1735618	9.426
Public Shareholders	11965242	64.985
NIRs / FIIs / OCBs etc	2600	0.014
Total	18412440	100.000

Distribution of Shareholding as on 31st March 2009 was as under :

Holding of nominal value of Rs. (No. of Shares)	No. of Share Holders	%	No. of Shares	%
Up to 5000	20789	92.05	3,92,74,110	21.33
5001 to 10000	1290	5.71	1,02,52,500	5.57
10001 to 20000	291	1.29	43,58,000	2.37
20001 to 30000	56	0.25	14,04,100	0.76
30001 to 40000	35	0.15	12,69,000	0.69
40001 to 50000	24	0.11	10,97,000	0.60
50001 to 100000	31	0.14	21,38,990	1.15
100000 & Above	69	0.30	12,43,30,700	67.53
Total	22585	100.00	18,41,24,400	100.00

DECLARATION

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, the Board Members and the Senior Management personnel have confirmed compliance with the code of conduct for the financial year ended 31st March 2009.

**FOR AND ON BEHALF OF BOARD OF DIRECTORS
KANEL OIL & EXPORTS INDUSTRIES LIMITED**

Date: 1st September, 2009
Place : Ahmedabad

**DHIREN K. THAKKAR
CHAIRMAN & MANAGING DIRECTOR**

SHAH DINESH DAHYALAL & ASSOCIATES

Chartered Accountants

713 Loha Bhavan, Opp. Old High Court Lane, Income-Tax,
Ashram Road, AHMEDABAD – 380 009.**AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE**

To,
The Members of Kanel Oil & Exports Industries Limited
Ahmedabad

We have examined the compliance of conditions of Corporate Governance by Kanel Oil & Exports Industries Limited for the year ended on 31st March, 2009 as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchange.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our Examination was limited to the procedures and implementation thereof, adopted by the Company to ensure Compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of an 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 the representations made by the Directors and the Management, we certify that the company has complied with the conditions of the Corporate Governance as stipulated in the above-mentioned Listing Agreement under the clause 49 except that, the website designing and posting of necessary information of the listing requirements on the company's website started last year is still in progress; and that the Company Secretary's office that has been vacated is still vacant for non-availability of the right candidate in spite of the advertisement and other efforts made in that direction. However, though it has been explained to us the management of the company is committed to be persistent in their efforts to ensure that these conditions are also fulfilled at the earliest.

We have to state that as per the records maintained by the Company, there was one investor grievance during the year under review which and been attended and resolved & therefore there were no grievances remaining unattended / pending for more than thirty days.

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, Shah Dinesh Dahyalal & Associates
Chartered Accountants

Ahmedabad
1st September, 2009.

(Shah Dinesh D.)
Proprietor
Membership No. 106871