

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	1	4	2	NIL
Mr. Vinodchandra K. Pandya	Independent Director	NIL	1	NIL	2	2
Mr. Bachubhai K. Patel	Independent Director	NIL	1	NIL	2	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, 2010, 31st July, 2010, 27th August, 2010, 8th October 2010, 31st Oct, 2010 and 31st January, 2011

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. Bachubhai K. Patel	Independent Director	6	Yes
Mr. Vinodchandra K Pandya	Independent Director	6	Yes

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 2011 are given below:

Name of the Director	Chairman of Committee	Member of Committee
Mr. Dhiren K Thakkar	Nil	2
Mr. Vinodchandra K Pandya	2	Nil
Mr. Bachubhai K. Patel	Nil	2

Only two committees, namely, Audit Committee and Shareholder/Investor Grievance Committee have 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 292 A of the Companies Act 1956.

Presently, the committee consists of 3 Directors; all directors are majority of them being independent. The committees met 6 times during the year under review on 30th April, 2010, 31st July, 2010, 27th August, 2010, 8th October 2010, 31st Oct, 2010 and 31st January, 2011

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	6
Mr. Bachubhai Patel	6
Mr. Dhiren K. Thakkar	6

(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 6 times during the year under review on 30th April, 2010, 31st July, 2010, 27th August, 2010, 8th October 2010, 31st Oct, 2010 and 31st January, 2011. The attendance record of the members at the meeting is as under:

Name of Director	No. of Meeting Attended
Mr. Vinodchandra Pandya	6
Mr. Bachubhai Patel	6
Mr. Dhiren K. Thakkar	6

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. Vinodchandra K Pandya	Rs. Nil
Mr. Bachubhai K. Patel	Rs. Nil

* The company has not paid sitting fees in the financial year 2010-2011 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, 2010. 203-Abhijeet -1, Nr. Mithakhali Six Roads, Ellisbridge, Ahmedabad – 380 006.
2. September 30, 2009. 203-Abhijeet -1, Nr. Mithakhali Six Roads, Ellisbridge, Ahmedabad – 380 006.
3. 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
2009-2010	30.9.2010	Nil
2008-2009	30.9.2009	Yes
2007-2008	30.9.2008	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	No,
Any website where displayed	We are in the process of developing on company's website
Newspaper in which results are normally published in	—
Whether Management Discussion and Analysis is a part of the Annual Report	Yes

19TH ANNUAL REPORT

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 30, 2010.

1. Shri Dhiren K. Thakkar Chairman & Managing Director
2. Shri Bachubhai K. Patel Independent Director
3. Shri Vinodbhai K. Pandya Independent Director

OTHER DETAILS :

BOOK CLOSURE DATE	: September 29, 2011 To September 30, 2011. (Both days inclusive)
REGISTRAR AND SHARE TRANSFER AGENT	: System Support Services 209, Shivai Industrial Estate, 89, Andheri – Kurla Road, Sakinaka, Andheri (E), Mumbai – 400 072.
ISIN NUMBER OF THE COMPANY	: INE 252 C 01015.
Audited Balance Sheet as on 31/03/2011 Signed by Directors & Auditors on Dividend Payment Programme	: 1 st September, 2011 : No Dividend is recommend for the year
DEMATERIALISATION OF SECURITIES	: Total Demat Shares 5438308 Representing 29.54% of total Equity Shares 12974132 Shares held in physical form Representing 70.46% of total Equity Shares.
DETAILED PROGRAMME OF THE 19 TH ANNUAL GENERAL MEETING	: Date: 30 th September, 2011 Day : Friday Time: 10.00 A.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, Calcutta
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 31/03/2011

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.. However the BSE listing committee has revoked suspension from trading in shares of the company, vide its letter ref no DCS/COMP/OT/TB/211/2010/2011 Dated 9th August 2011. 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 31/03/11)

Category	No. of shares held	% of Holding
Promoters / Directors / PACs	4718770	25.628
Body Corporate shareholders	1738218	9.440
Public Shareholders	11952852	64.917
NIRs / FIIs / OCBs etc	2600	0.014
Total	18412440	100.000

Distribution of Shareholding as on 31st March 2011 was as under:

Holding of nominal value of Rs. (No. of Shares)	No. of Share Holders	%	No. of Shares	%
Up to 5000	25411	93.40	3,92,74,110	21.33
5001 to 10000	1290	4.74	1,02,52,500	5.57
10001 to 20000	291	1.07	43,58,000	2.37
20001 to 30000	56	0.21	14,04,100	0.76
30001 to 40000	35	0.13	12,69,000	0.69
40001 to 50000	24	0.09	10,97,000	0.60
50001 to 100000	31	0.11	21,38,990	1.15
100000 & Above	69	0.25	12,43,30,700	67.53
Total	27207	100.00	18,41,24,400	100.00

**ANNUAL DECLARATION BY director PURSUANT TO CLAUSE 49 (i) (d) (ii) OF THE
LISTING AGREEMENT**

I Dhiren K Thakkar As the Director of Kanel Oil and Export Industries limited as required by Clause 49 (i) (d) (ii) of the Listing Agreement, I, Dhiren K Thakkar As the Director, hereby declare that all the Board Members and the Senior Management personnel of the Company have affirmed Compliance with the Company's Code of Business Conduct and Ethics, for the Financial Year 2010-2011

**BY ORDER OF THE BOARD OF DIRECTOR OF
KANEL OIL & EXPORT INDUSTIERS LTD.**

Date: 1st September, 2011

DHIREN K. THAKKAR

Place: Ahmadabad

CHAIRMAN & MANAGING DIRECTOR

CEO / CFO CERTIFICATE

I, Dhiren K Thakkar as the Director of Kanel Oil and Export Industries Limited to the best of our knowledge and belief certify that:

I have reviewed the balance sheet and profit and loss account and all its schedules and notes to accounts, as well as the cash flow statement.

Based on my knowledge, information and belief, these statements do not contain any untrue statement of a material fact or omit to state a material fact that might be misleading with respect to the statements made.

Based on my knowledge, information and belief, the financial statements and other financial information included in this report present a true and fair view of the company's affairs for the period presented in this report and are in compliance with the existing accounting standards, applicable laws and regulations and full explanation has been given for any material departure in compliance of Accounting Standards.

To the best of my knowledge, information and belief, no transactions entered into by the company during the year are fraudulent, illegal or volatile of the Company's Code of Conduct.

I am responsible for establishing and maintaining internal controls for financial reporting and have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting.

I have disclosed, based on their most recent evaluation, wherever applicable, to the Company's Auditors and the Audit Committee of the Company's Board of Directors all significant deficiencies in the design or operation of internal controls, if any, of which they are aware and the steps taken or proposed to be to rectify the deficiencies;

I have indicated to the Auditors and the Audit Committee:

- a) Significant changes in the Company's internal control over the financial reporting during the year;
- b) All significant changes in accounting policies during the year, if any, and that the same have been disclosed in the notes to the financial statements
- c) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control system over financial reporting.

Date: 1st September, 2011

Place: Ahmedabad

DHIREN K. THAKKAR

CHAIRMAN & MANAGING DIRECTOR

Shah Dinesh Dahyalal & Associates Chartered Accountants

AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of
Kanel Oil and Export Industries limited

We have examined the compliance of the conditions of corporate governance by Kanel Oil and Export Industries limited for the year ended on 31st March, 2011 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 the procedures and implementation thereof, adopted by the company for ensuring the Compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of the opinion of 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 representation made by the management we certify that the company has complied with the conditions of the listing agreement as stipulated by the above mentioned Listing agreement. *But however during the year no Company Secretary and hence the constitution of the audit committee and other committees as required by Clause 49 of the Listing agreement is subject to this fact.* We state that no investor grievance is pending for a period exceeding one month against the company as per the records maintained by Investors/ Shareholders Grievance Committee.

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,

Shah Dinesh Dahyalal & Associates
Chartered Accountants

Date: 1st September, 2011
Place: Ahmedabad.

(Mr. Shah Dinesh D.)

PRORIETOR
M.SHIP NO. 106871