

REPORT ON CORPORATE GOVERNANCE

1. Company's Philosophy on Corporate Governance

As required by the Listing Agreement with Bombay Stock Exchange Limited, the Company has implemented the code of Corporate Governance and it is committed to the philosophy of good Corporate Governance in letter and in spirit.

2. Board of Directors

a. As on the date of this Report, the Board consists of Five Directors (One Executive and Four Non Executive out of whom three are Independent Directors).

b. The attendance at Board Meetings and last Annual General Meeting of each of the Directors during the year was as under :

Name of Director	Category Executive, Non-executive/ Independent	Attendance at		Membership of other Board (including alternate Directorships and Private Companies)	Membership/ Chairmanship of other Board Committees		Shareholding (No. of Shares)
		Board Meetings	Last Annual General Meeting		Chairman	Member	
Mr. H.D. Ramsinghani Chairman & Managing Director	Executive	Four	Yes	Five	Nil	Two	20
Mr. S. S. Arora Director	Non Executive Non Independent	One	Yes	Nil	Nil	Nil	163373
Mr. Deonath Singh Director	Non Executive Independent	Three	No	Three	One	Three	3310
Mr. Mahendra Lodha Director	Non Executive Independent	Three	Yes	Eighteen	Three	Five	Nil
Mr. Umesh Jain Nominee Director of IDBI Bank Ltd. (Upto 10/08/2011)	Non Executive Independent	One	No	One	Nil	One	Nil
Mr. Deepak Gupta Nominee Director of IDBI Bank Ltd. (w.e.f. 10/08/2011)	Non Executive Independent	Two	No	Nil	Nil	Nil	Nil

(c) During the year four Board Meetings were held on May 27, 2011, July 30, 2011, November 04, 2011 and February 10, 2012.

3. Code of Conduct

The Company has framed a Code of Conduct for the members of the Board of Directors and Senior Management personnel of the company. The declaration by the Chairman regarding compliance by the members of the Board and the Senior Management personnel with the said code of conduct is annexed hereto.

4. Audit Committee

Role of the Audit Committee and its terms of reference include reviewing the financial statements, overseeing the Company's Annual Report process and discussions with Auditors.

The Committee presently comprises of Mr. Mahendra Lodha - Chairman, Mr. Deonath Singh and Mr. Deepak Gupta.

During the year four meetings of the Audit Committee were held on May 27, 2011, July 30, 2011, November 4, 2011 and February 10, 2012. The attendance at Audit committee meetings of each of the Directors is as under:

Name of the Director	Attendance at Audit Committee meetings
Mr. Mahendra Lodha	Three
Mr. Deonath Singh	Three
Mr. Umesh Jain(Upto 10/08/2011)	One
Mr. Deepak Gupta (w.e.f. 10/08/2011)	Two

5 Share Transfer Committee

The Board has delegated the power of share transfers to a Committee of Directors comprising of Mr. H. D. Ramsinghani (Chairman), Mr. S. S. Arora and Mr. Deonath Singh as also to the Registrars and Transfer Agents of the Company who attend to the Share Transfer formalities, transmission of shares, issue of duplicate certificates and issue of certificates on split/ consolidation/ renewal etc. at least once in a fortnight. The transfers etc. approved by the Registrars and Transfer Agents and the Share Transfer Committee are also noted at every meeting of the Board of Directors. The Board has designated Mr. R. D. Jog - Company Secretary as the Compliance Officer.

Barring certain cases pending in Courts relating to disputes over the title of shares in which the Company has been made a party, no investor complaint is pending for a period exceeding one month.

6 Remuneration Committee

The Remuneration Committee determines the managerial remuneration including perquisites payable to Directors and makes recommendations to the Board of Directors. No meeting of the Remuneration Committee was held during the year.

The Committee presently comprises of Mr Mahendra Lodha - Chairman, Mr. Deonath Singh and Mr. Deepak Gupta.

7 Shareholders/Investors Grievances Committee

The Shareholders/Investors Grievances Committee specifically looks into the redressing of Shareholders and Investors complaints relating to Share transfers, non-receipt of Balance Sheet and Dividend etc. In terms of Clause 47 of the Listing Agreement the Company has appointed Mr R. D. Jog - Company Secretary as the Compliance Officer and the investors are requested to register their complaints, if any, on the exclusive email ID: rdjog@ramagroup.co.in

The committee presently comprises of Mr. Deonath Singh (Chairman), Mr. H. D. Ramsinghani and Mr. S. S. Arora.

A summary of complaints received and resolved by the Company during the year is given below:

	Received	Resolved
Non - Receipt of Share Certificates	1	1
Non - Receipt of Dividend Warrants	3	3
Non - Receipt of Demat Credit/Remat Cert	NIL	NIL
Non - Receipt of Annual Reports	1	1
Miscellaneous	NIL	NIL
Letters from Stock Exchanges, SEBI and Ministry of Corporate Affairs	NIL	NIL

8. Remuneration of Directors

(a) Managing/Executive Director

The remuneration paid to the Managing / Executive Director during the year was as follows:

Name of Director	Designation	Remuneration (Rs. in lacs)	Sitting Fees (Rs.)
Mr. H. D. Ramsinghani	Managing Director	38.61	Nil
Mr. S. S. Arora	Wholetime Director	26.13	Nil

(b) Non-Executive Directors:

The Non-Executive Directors are not paid any remuneration except fees for attending meetings of the Board or committees thereof.

Details of Sitting Fees paid to the Non-Executive Directors for attending meetings of the Board and Committees thereof during the year are as follows :

Name of the Director	Sitting Fees (Rs.)
Mr. Mahendra Lodha	12000/-
Mr. Deonath Singh	12000/-
Mr. Umesh Jain *	4000/-
Mr. Deepak Gupta **	8000/-
TOTAL	36000/-

* Sitting fees paid to IDBI Bank Ltd. for the meetings attended by its Nominee Director Mr. Umesh Jain upto 10/08/2011.

** Sitting fees paid to IDBI Bank Ltd. for the meetings attended by its Nominee Director Mr. Deepak Gupta from 10/08/2011.

9. General Body Meetings

Financial Year	Date	Time	Location
2008-2009	25/09/2009	10.00 A.M	Village Chaundheri, P.O Dappar, Dist. Mohali, Punjab 140506
2009-2010	24/09/2010	10.00 A.M	Village Chaundheri, P.O Dappar, Dist. Mohali, Punjab 140506
2010-2011	23/09/2011	10.00 A.M	Village Chaundheri, P.O Dappar, Dist. Mohali, Punjab 140506

10 Postal Ballot/Special Resolutions

No Resolutions were required to be approved through Postal Ballot at the last Annual General Meeting nor is any resolution proposed for passing through Postal Ballot at the ensuing Annual General Meeting.

Special Resolutions passed in the previous Three Annual General Meetings.

Date	Particulars
25.09.2009	Reappointment of Mr. H. D. Ramsinghani as the Managing Director of the Company.
	Reappointment of Mr. S. S. Arora as the Whole time Director of the Company.
24.09.2010	No Special Resolutions were passed.
23.09.2011	No Special Resolutions were passed.

11 Disclosures

- There were no transactions of material nature with the Directors or the management or relatives of the Directors during the financial year which could have potential conflict with the interests of the Company at large.
- Transactions with related parties as per requirements of Accounting Standard - 18 are disclosed elsewhere in the Annual Report. None of these transactions have potential conflict with interest of the Company at large.
- No penalties or strictures have been imposed on the Company by the Stock Exchanges, SEBI or any other statutory authority on any matter related to the capital markets during the last three years.

12. Means of communication

The Company has not made any presentation to Institutional Investors or Analysts during the year.

13. General Shareholder Information :

Financial Year	: 31st March, 2012
Annual General Meeting	: September 29, 2012 at 10.00 a.m. At Village Chaundheri, P O Dappar, Tehsil Derabassi, Dist Mohali, Punjab 140 506.
Dates of Book Closure	: September 22, 2012 to September 29, 2012 (both days inclusive)
Dividend payment date	: Not Applicable
Listing on Stock Exchange	: Bombay Stock Exchange Ltd.
Stock Code	: 532441 (BSE)
ISIN	: INE820D01017

14. Market Price Data (High/Low in Rs. during each month) :

Month	High	Low
April 2011	6.75	5.12
May 2011	6.80	4.90
June 2011	6.75	5.73
July 2011	6.90	5.45
August 2011	6.30	5.05
September 2011	6.78	5.70
October 2011	6.93	5.24
November 2011	6.82	6.17
December 2011	6.74	6.32
January 2012	7.19	6.01
February 2012	7.49	6.60
March 2012	6.79	6.15

15. Registrars & Transfer Agent

Link Intime India Private Limited
C - 13, Pannalal Silk Mills Compound,
L. B. S. Marg, Bhandup (West), Mumbai 400078
Tel : 25963838; Fax : 25946969
Email : rnt.helpdesk@linkintime.co.in

16. Distribution of Equity Shareholding as of March 31, 2012:

Number of Equity Share Holdings	Number of Shareholders	Percentage of Shareholders	Number of Shares	Percentage of Shareholding
1 – 500	14401	93.21	2254447	12.38
501 – 1000	581	3.76	490481	2.69
1001 – 2000	213	1.38	335168	1.84
2001 – 3000	84	0.54	213681	1.17
3001 – 4000	34	0.22	121442	0.67
4001 – 5000	30	0.19	140443	0.77
5001 – 10000	49	0.32	345244	1.90
10001 & above	59	0.38	14308453	78.58
Total	15451	100.00	18209359	100.00

17. Shareholders' Profile as on March 31, 2012 :

Category of Shareholders	No. of Shares held	% to Total Capital
Promoters Shareholding	8422957	46.25
Non Promoter Shareholding		
Foreign Collaborators	NIL	NIL
Banks	2749554	15.10
Financial Institutions	274625	1.51
Foreign Institutional Investors	NIL	NIL
Mutual Funds	700	0.00
Domestic Companies	786021	4.32
Non-Domestic Companies	NIL	NIL
Non-Resident Indians	53920	0.30
General Public	5921582	32.52
Total	18209359	100.00

18. Dematerialization of shares as on March 31, 2012 :

90.55% of the Company's total share capital representing 16489418 Equity shares are held in dematerialized form.

19. Plant Location :

Village Chaundheri, P.O. Dappar,
Chandigarh Ambala National Highway,
Tehsil Derabassi ,
Dist. Mohali,
Punjab 140506

20. Address for Correspondence :

Shareholders should address all correspondence to the Corporate office of the Company at 51/52, Free Press House, Nariman Point, Mumbai 400 021 or to the Registrar and Transfer Agent - Link Intime India Private Limited at C - 13, Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup (West), Mumbai 400 078.

21. Non Mandatory Items :

- a) At present there is no policy for fixing the tenure of independent Directors.
- b) The Company has constituted a Remuneration Committee.
- c) Since the Financial results are published in leading news papers as well as displayed on Company's website, half yearly financial results including summary of significant events in the past six months are presently not being sent to the Shareholders.
- d) There is no formal policy at present for training of the Board members as all the Board members are eminent and experienced professionals.
- e) There is no formal mechanism at present for evaluation of non-executive Directors.
- f) The Company has not established at present any formal Whistle Blower Policy.
- g) The replies to the Qualifications in Auditors Report on the financial statement are given in the Directors Report.

22. Appointment /Reappointment of Directors:

Mr. D N Singh is proposed to be reappointed at the forthcoming Annual General Meeting. The relevant information about Mr. D N Singh is given in the Notice convening the Annual General Meeting.

For and on behalf of the Board

Place : Mumbai
Dated : August 10, 2012

H. D. RAMSINGHANI
CHAIRMAN & MANAGING DIRECTOR

DECLARATION REGARDING COMPLIANCE WITH THE COMPANY'S CODE OF CONDUCT

The Company has framed a specific Code of Conduct for the members of the Board of Directors and the Senior Management Personnel of the Company pursuant to Clause 49 of the Listing Agreement.

The Company has, in respect of the financial year ended March 31, 2012, received from the members of the Board of Directors and the Senior Management Personnel a declaration of compliance with the Code of Conduct as applicable to them.

Place : Mumbai

Dated : August 10, 2012

H. D. RAMSINGHANI
CHAIRMAN & MANAGING DIRECTOR

CERTIFICATE

To the Members of
RAINBOW DENIM LIMITED

We have examined the compliance of conditions of corporate governance by **RAINBOW DENIM LIMITED**, for the year ended on 31st March 2012, as stipulated in clause 49 of the Listing Agreement of the said company with stock exchange(s).

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the 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.

Based on the representation received from the Company's Share Transfer Agents, we state that complaint letters received from shareholders during the period 01/04/2011 to 31/03/2012, have been attended.

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 **Dayal and Lohia**
Chartered Accountants

(S. L. Khandelwal)
Partner
M No: 101388

Place : Mumbai.

Date : August 10, 2012