

REPORT ON CORPORATE GOVERNANCE

I. Company's Philosophy on code of Governance

The Company is committed to the adoption of best governance practices and its adherence in the true spirit at all levels and facets. Our governance practice stem from an inherent desire to improve and innovate and reflects the culture of trusteeship that is deeply ingrained in our value system and forms part of the strategic thought process. Our governance philosophy rests in five basic tenets viz. Board's accountability to the Company and shareholders, strategic guidance and effective monitoring by the Board, protection of minority interests and rights, equitable treatment of all shareholders and superior transparency and timely disclosure.

II. Board of Directors

The Board of Directors of the Company comprises of seven directors, consisting of three (3) executive and four (4) independent, non-executive directors.

The constitution of Board is as under:

Sr. No.	Director	Executive/ Non-Executive/ Independent	No. of Other Directorships/ Committees Membership**	Board Meeting Attended	Attendance at the previous Annual General Meeting
1	Mr. Dinesh Chandra Agrawal Managing Director	Executive/ Non Independent	-	10	Yes
2	Mr. Ashish Goyal Whole-time-Director	Executive / Non Independent	1	10	Yes
3	Mr. Anoop Goyal* Whole-time-Director	Executive / Non Independent	3	6	Yes
4	Mr. Kamlesh Jain	Non Executive / Independent	-	-	No
5	Mr. Suresh Narayan Wagh	Non Executive/ Independent	-	-	No
6	Mr. Ganesh Prasad Sharma	Non Executive /Independent	-	5	Yes
7	Mr. Santosh Kumar Gupta	Non Executive /Independent	1	6	Yes

* Appointed w.e.f. 01.10.2011, **other than Sitashree Food Products Limited

During the year under review Ten (10) meetings of the Board of Directors were held on 14.04.2011, 30.05.2011, 12.08.2011, 01.09.2011, 17.10.2011, 09.11.2011, 05.01.2012, 02.02.2012, 07.02.2012 and 30.03.2012.

Note on Directors re-appointment

Mr. Ashish Goyal and Mr. Santosh Kumar Gupta, the Directors of the Company are retiring at the forthcoming annual general meeting by rotation and they are eligible for re-appointment.

Information placed before the Board

Information placed before the Board of Directors broadly covers the items specified in clause 49 of the Listing Agreement and such other items which are necessary to facilitate meaningful and focused deliberations on issues concerning the Company and taking decision in an informed and efficient manner. Besides, the Directors on the Board have complete access to all information of the Company, as and when necessary.

Code of Conduct

The Board of Directors has laid down a code of conduct for all Board members and senior management personnel of the Company. A Certificate from the Compliance Officer for the same has been placed before the Board.

III. Audit Committee

The Audit Committee is under the Chairmanship of Shri Ganesh Prasad Sharma. During the financial year 2011-2012 Five (5) meetings were held on the following dates:

- | | | |
|---------------|---------------|---------------|
| 1) 30.05.2011 | 3) 09.11.2011 | 5) 30.03.2012 |
| 2) 12.08.2011 | 4) 02.02.2012 | |

The constitution of the Committee and the attendance of each member is given below:

Name	Designation	Committee Meetings Attended
Mr. Ganesh Prasad Sharma	Chairman	5
Mr. Kamlesh Jain	Member	-
Mr. Suresh Narayan Wagh	Member	-
Mr. Santosh Kumar Gupta	Member	5

The terms of reference of the Audit Committee inter-alia include the following:

- a) To overview the Companies financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- b) To hold periodic discussions with the Statutory auditors and Internal Auditors of the Company concerning the accounts of the Company, internal control systems, scope of audit and observations of the Auditors/ Internal Auditors;
- c) To recommend the re-appointment of statutory auditors and fixation of audit fees.
- d) To review performance of statutory and internal auditors and adequacy of internal control systems;
- e) To review quarterly, half yearly and annual financial results of the Company before submission to the Board;
- f) To discuss any significant findings made by internal auditors and follow-up thereon;
- g) To review 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 systems of a material nature and reporting matter to the Board;
- h) To look into substantial defaults, if any in payments to depositors, debenture-holders, creditors & shareholders.
- i) Any related party transactions that may have the potential conflict with the interest of the Company.

In addition to the above, the committee shall have such functions / role / powers as may be specified in the Companies Act, 1956, Listing Agreement with Stock exchanges or any other applicable law.

IV. Remuneration Committee

The Remuneration Committee has been formed to review and make recommendations on annual salaries, performance commission, perquisites and other employment conditions of the Executive Directors. The remuneration committee consists of the following non executive and independent Directors:

Name	Designation	Committee Meetings Attended
Mr. Ganesh Prasad Sharma	Chairman	1
Mr. Kamlesh Jain	Member	-
Mr. Suresh Narayan Wagh	Member	-
Mr. Santosh Kumar Gupta	Member	1

During the financial year 2011-2012 one (1) meeting were held on 12.08.2011 to review remuneration of Promoter Executive Directors of the Company.

Details of remuneration paid/payable to directors for the year ended March, 2012 are as follows:

(Amount in Rupees)

Name of the Director	Designation	Business relationship with Company	Sitting Fees	Salary and Perquisites	Commission	Total
Mr. Dinesh Agrawal	Chairman-cum- Managing Director	Promoter	-	12, 00,000	-	12, 00,000
Mr. Ashish Goyal	Whole time Director	Promoter	-	6, 00,000	-	6, 00,000
Mr. Anoop Goyal	Director	Promoter	-	3, 00,000	-	3, 00,000
Mr. Suresh Narayan Wagh	Non Executive / Independent	Independent	-	-	-	-
Mr. Ganesh Prasad Sharma	Non Executive / Independent	Independent	15,000	-	-	15,000
Mr. Kamlesh Jain	Non Executive / Independent	Independent	-	-	-	-
Mr. Santosh Kumar Gupta	Non Executive / Independent	Independent	16,000	-	-	16,000

The remuneration to the executive directors is being paid as per the recommendation of Remuneration Committee and approval of the shareholders at the general body meeting.

Salary and perquisites includes provident Fund etc.

V. Shareholders Grievance Committee

A 'Shareholders Grievance Committee' has been formed to look into shareholders and investors grievances. The following Directors are the members of the Committee:

Name	Designation	Committee Meetings Attended
Mr. Santosh Kumar Gupta	Chairman	4
Mr. Ganesh Prasad Sharma	Member	4
Mr. Suresh Narayan Wagh	Member	-
Mr. Ashish Goyal	Member	4

Name, Designation & Address of Compliance Office:

Mr. Dinesh Agrawal, Managing Director
332/4/2, R.D. Udyog Nagar, Mathurawalas Colony, Nemawar Road, INDORE (M.P.) -452001
Email at: info@sitashri.com

During the under year under review Four (4) meetings of the Shareholders Grievance Committee were held on 30.05.2011, 09.11.2011, 02.02.2012 and 30.03.2012.

During the year the Company received no complaints from its shareholders and resolved all of them and there is no pending complaint with the Company.

VI. General Body Meetings

The details of the location and time of the Annual General Meetings held during the last 3 years are as follows:

Annual General Meeting for year	Date	Time	Venue	No. of Special Resolutions passed
2011	30 th Sept, 2011	10.30 a.m.	332/4/2 R. D. Udyog Nagar Palda Nemawar Road, Mathurawala's Colony, Indore	Three
2010	30 th Sept, 2010	10.30 a.m.	332/4/2 R. D. Udyog Nagar Palda Nemawar Road, Mathurawala's Colony, Indore	Two
2009	29 th Sept., 2009	10.30 a.m.	Hotel Apsara, Ravindra Natya Grah, 1, R.N.T. Marg, Indore	One

- No resolution has been passed through postal ballot till date.
- Presently, the Company does not have any transaction/proposal for postal ballot.
- Postal ballot, if required to be passed in future shall be in terms of provisions of the prescribed section and Rules.

VII. Compliance

Mandatory Requirements:

The Company is fully complied with the applicable mandatory requirements of clause 49 of the Listing Agreement.

Adoption of Non-Mandatory Requirements:

A Remuneration committee has been constituted in accordance with the requirements of the Listing Agreement. The committee decided/recommend to the Board the amount of salary, perquisites and commission to be paid to the Directors (within the overall ceiling fixed by the shareholders)

VIII. Disclosures

- Details of transactions of a material nature of the related parties as specified in Accounting Standard 18 issued by the Institute of Chartered Accountants of India have been reported in note 11 and 12 of Schedule “26” attached to the accounts. There is no transaction of a material nature with any of the related parties, which was in conflict with the interests of the Company. The Register of Contracts containing transactions, in which directors are interested, is placed before the Board regularly.
- There has been no instance of non-compliance by the Company on any matter related to capital markets or imposition of penalties or strictures by SEBI or the Stock Exchanges or any other Statutory Authority during last three years.
- None of the employee of the Company was denied access to the Audit Committee during the year.
- Company has complied with all mandatory requirements of the Listing Agreement and also adopted the non-mandatory requirements wherever required.

IX. Reconciliation of Share Capital Audit Report

A qualified practicing Company Secretary carried out Reconciliation of Share Capital Audit to reconcile the total admitted capital with NSDL and CDSL and the total issued and listed capital. The audit confirms that the total issued/paid up capital is in agreement with the total numbers of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

X. Means of Communication

- The Company generally publishes quarterly unaudited and annual audited results in two news papers i.e. (1) Financial Express (2) Nav Shakti (3) Choutha Sansar and same has been intimated to both Stock Exchanges immediately after approval of the Board.
- The quarterly and half yearly results of the Company are made available at the web site of the Company at www.sitashri.com.
- The Company also informs by way of a press release, all matters, which in its opinion are material and of relevance, to the shareholders of the Company.
- Management discussion and analysis report is forming part of this report.

XI. Subsidiaries

Company a 100% subsidiary company M/s GG Real Estate Private Limited. Mr. Santosh Gupta, Independent Director of the Company has been appointed as director in the Board of subsidiary company in terms of clause 49 of the listing agreement.

XII. General Shareholder Information

a) Annual General Meeting

Date, Time and Venue

29th September, 2012 at 10.30 a.m.
332/4/2, R.D. Udyog Nagar,
Mathurawalas Colony, Nemawar Road,
INDORE (M.P.) -452001

b) Financial Calendar (2012-13)

Financial reporting for

Quarter ending 30th June, 2012

Quarter ending 30th September, 2012

Quarter ending 31st December, 2012

Year ending 31st March, 2013

Second Week of August'2012

Second week of November'2012

Second Week of February'2013

Last week of May' 2013

c) Date of Book Closure22nd Sept, 2012 to 29th Sept, 2012
(Both days inclusive)**d) Dividend payment date**

N.A.

e) Listing of Equity Shares on Stock Exchanges- Bombay Stock Exchange Limited, Mumbai
- National Stock Exchange of India Limited, Mumbai**f) Stock Code****SITASHREE****g) Scrip Code****BSE No. 532961****h) ISIN No.****INE686I01011****Stock Market Data**

Monthly Stock market data in both the Stock Exchanges is given below:-

MARKET DATA OF EQUITY SHARES AT NATIONAL STOCK EXCHANGE				MARKET DATA OF EQUITY SHARES AT BOMBAY STOCK EXCHANGE			
DATE	HIGH PRICE	LOW PRICE	TOTAL TRADED QUANTITY	DATE	HIGH PRICE	LOW PRICE	TOTAL TRADED QUANTITY
Apr-11	7.25	5.95	263977	Apr-11	7.39	5.95	119,155
May-11	7.70	6.00	123196	May-11	6.95	6.00	126,639
Jun-11	6.60	5.70	127472	Jun-11	6.60	5.60	117,243
Jul-11	9.80	6.00	956190	Jul-11	10.15	5.91	850,110
Aug-11	9.25	6.50	273911	Aug-11	9.29	6.36	308,958
Sep-11	9.50	6.70	216808	Sep-11	9.55	6.71	242,526
Oct-11	9.30	5.55	151115	Oct-11	8.50	6.30	175,020
Nov-11	7.50	5.50	93401	Nov-11	7.95	5.60	93,133
Dec-11	6.70	5.10	151782	Dec-11	6.85	5.15	132,623
Jan-12	6.90	5.45	89840	Jan-12	6.95	5.60	94,153
Feb-12	6.60	5.75	118366	Feb-12	6.50	5.75	57,439
Mar-12	6.10	5.35	86989	Mar-12	6.10	5.21	59,034
YEAR	9.80	5.10	2653047	YEAR	10.15	5.15	2,376,033

i) Registrar and Transfer Agents (for Physical and Electronic Both)

- M/s. Ankit Consultancy Private Limited
60, Electronic Complex, Pardeshipura
Indore (M.P.) 452010
Tel.: +91-731-2551745-46, 3198601-602
Fax: +91-731-4065798
Email – ankit_4321@yahoo.com

The Share transfer and de-materialization related activities are being handled by the Share Transfer Agent.

j) Share Transfer System

To expedite the transfer of shares held in physical mode the powers to transfer have been delegated to SEBI registered share transfer agents M/s. Ankit Consultancy Private Limited. The transfers which are complete in all respect are taken up for approval generally every ten days and the transfer/transmission approved by the delegates to the transferor within 21 days.

The Company has signed necessary agreements with two depositories currently functional in India viz. National Securities Depository Limited and Central Depository Services (India) Limited. The transfer of shares in depository mode need not to be approved by the Company.

k) Distribution of shareholding as on 31st March, 2012

Slab of Shareholding	No. of share Holder	%	No. of Shares	%
1-5000	8876	76.72	1617326	7.34
5001-10000	1413	12.21	1186242	5.38
10001-20000	627	5.42	993949	4.51
20001-30000	239	2.07	623161	2.83
30001-40000	93	0.80	333284	1.51
40001-50000	88	0.76	418286	1.90
50001-100000	106	0.92	788923	3.58
100001- and above	128	1.10	16075629	72.95
Total	11570	100.00	22036800	100.00

According to categories of shareholdings as on 31st March, 2012

SR. NO.	CATEGORY	NO. OF SHARES	% OF HOLDING
A	PROMOTER'S HOLDING		
1.	Promoters -Indian Promoters -Foreign Promoters	12092873	54.88
2.	Persons acting in concert		
	Sub-Total	12092873	54.88
B	NON PROMOTERS HOLDING		
3.	Institutional Investors	-	-
a.	Mutual funds and UTI	-	-
b.	Banks, Financial Institutions, Insurance Companies (Central/State Govt. Institutions /Non-government Institutions)	-	-
C.	FII	-	-
	Sub-Total		
4.	Others		
a.	Private Corporate Bodies	2530919	11.48
b.	NRIs/OCBs	109493	0.50
c.	Indian Public	7297708	33.11
d.	Any Other (Clearing Member)	5807	0.03
	Sub-Total	9943927	45.12
	GRAND TOTAL	22036800	100.00

l) Dematerialization of shares

As on 31st March, 2012, except 3857812 shares all the shares of the Company are in dematerialized form.

m) Outstanding GDRs/ADRs/Warrants or any convertible instruments

The Company does not have any outstanding instruments GDRs/ADRs/Warrants or any convertible instruments.

n) Project Location

Existing Plant located at 332/4/2, R.D. Udyog Nagar, Palda, Nemawar Road, Mathurawalas Colony, Indore (M.P.) and Proposed Soya Extruction plant located at Barlai Jangir, Kshipra nearby Indore (M.P.)

o) Address for Investor's Correspondence:

- 1) **Compliance Officer**
Sita Shree Food Products Limited
332/4/2, R.D. Udyog Nagar, Mathurawalas Colony, Nemawar Road, INDORE
(M.P.) -452001
Tel 0731- 2439902, 2439912 Fax 0731- 4068448
Email at: **info@sitashri.com**

Or

- 2) **Ankit Consultancy Private Limited**
60, Electronic Complex, Pardeshipura
Indore (M.P.) 452010
Tel.: +91-731-2551745-46, 3198601-602
Fax: +91-731-4065798
Email – ankit_4321@yahoo.com

Declaration

As provided under clause 49 of the Listing Agreement with the stock exchanges, it is hereby declared that all board members and senior management personnel of the Company have affirmed the compliance of Code of Conduct for the year ended 31st March, 2012.

Dinesh Agrawal
Chairman cum- Managing Director

CERTIFICATE

To
The Members of
M/s Sita Shree Food Products Limited,
Indore

We have examined the compliance of the conditions of Corporate Governance by **M/s Sita Shree Food Products Limited** for the year ended March 31, 2012 as stipulated in Clause 49 of the Listing Agreement of the said company with stock exchange(s) in India.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedure 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 on the financial statement of the company.

In our opinion and to the best of our information and 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.

We state that in respect of investor grievances received during the year ended 31st March, 2012 no investor grievances are pending against the company as on date as per the records maintained by the company and presented to the investors/shareholders grievance committee.

We further state that such compliance is neither an assurance as to the further viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

For P. S. Tripathi & Associates
Company Secretaries

Pratik Tripathi
Partner
C.P. No. 5358

Date: 29.08.2012
Place: Indore