

Quarterly Compliance Report on Corporate Governance

Name of Company : Chandni Textiles Engineering Industries Limited

Quarter/Half-Year ending on : 30th June, 2011

| Particulars | Clause of Listing Agreement | Compliance Status Yes/No/ | Remarks |
|--|-----------------------------|------------------------------|---|
| I. Board of Directors | 49 (I) | | |
| (A) Composition of Board | 49 (1A) | Yes | |
| (B) Non-executive Directors' compensation & disclosures | 49 (1B) | Yes ¹ | |
| (C) Other provisions as to Board and Committees | 49 (1C) | Yes | |
| (D) Code of Conduct | 49 (1D) | Yes | Annual Affirmation for FY 12 will be obtained at the Board Meeting for adopting annual accounts for the FY12. |
| | | | |
| II. Audit Committee | 49 (II) | | |
| (A) Qualified & Independent Audit Committee | 49 (IIA) | Yes | |
| (B) Meeting of Audit Committee | 49 (IIB) | Yes | |
| (C) Powers of Audit Committee | 49 (IIC) | Yes | |
| (D) Role of Audit Committee | 49 (IID) | Yes ² | |
| (E) Review of Information by Audit Committee | 49 (IIE) | Yes ² | |
| | | | |
| III. Subsidiary Companies | 49 (III) | N.A. | There is no Subsidiary Company. |
| | | | |
| IV. Disclosures | 49 (IV) | | |
| (A) Basis of related party transaction | 49 (IVA) | Yes ³ | |
| (B) Disclosure of Accounting Treatment | 49 (IVB) | Yes | Will be complied where applicable. |
| (C) Board Disclosures | 49 (IVC) | N.A. ⁴ | |
| (D) Proceeds from public issues, rights issues, preferential issues etc. | 49 (IVD) | Yes | |
| (E) Remuneration of Directors | 49 (IVE) | Yes | Necessary details will be provided in the Annual Report for FY 12 |
| (F) Management | 49 (IVF) | Yes | |
| (G) Shareholders | 49 (IVG) | Yes | |
| | | | |
| V. CEO/CFO Certification | 49 (V) | Yes | Will be obtained at the meeting where Accounts for F.Y.12 are considered. |
| | | | |
| VI. Report on Corporate Governance | 49 (VI) | Yes | Will be provided in the Annual Report for F.Y.12 |
| VII. Compliance | 49 (VII) | Yes | |

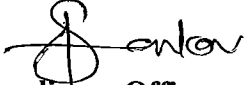
¹ No compensation other than sitting fees for the Board Meeting/ Committee Meeting is paid to the non-executive Directors. No stock options have yet been granted.

² The matters as specified in this sub-clause have been considered by the Audit Committee at the relevant meetings.

³ Details of Related Party Transactions, if any, will be placed before the Audit Committee at its forthcoming Meeting.

⁴ Considering the size and nature of the activities of the Company, there is no need for Risk Assessment and Minimisation Procedure and hence not implemented.

For Chandni Textiles Engineering Industries Limited



Compliance Officer

Date : 14th July, 2011