

CORPORATE GOVERNANCE REPORT

A detailed report on Corporate Governance for the Financial Year 2010-11 is given below:-

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:-

Corporate Governance is based on the principle of fairness, equity, transparency, accountability and dissemination of information. Euro Finmart believes in maintaining highest standards of Corporate Governance as a part of its legacy and constitution.

Further the Company believes that good corporate governance consists of a combination of business practices which result in enhancement of the value of the Company to its shareholders and simultaneously enable the Company to fulfill its obligations to other stakeholders such as customers, employees and financiers, and to the society in general. The Company further believes that such practices are founded upon the core values of transparency, empowerment, accountability, independent monitoring and environmental consciousness. The Company makes its best efforts to uphold and nurture these core values in all aspects of its operations.

BOARD OF DIRECTORS:-

The Company is managed by well- qualified professionals. All directors including Non-Executive Directors are suitably qualified, experienced and competent. During the period Mr. Mahabir Parshad Gupta has ceased the directorship of the company w.e.f. 10th February, 2011 and Mr.Yash Basrar has been appointed as an additional Director W.e.f. 10th February, 2011 in independent non-executive category.

The majority of your Board, i.e. 3 (Three) out of 4(Four), are Independent Members and the Audit and Remuneration committees of the Board comprises of majority of Independent Directors.

At present, the Board consists of four members i.e., Mr. Ashvarya Kumar Maheshwari, Mr. Yash Basrar, Mr. Rajbir Singh Makhni & Mr. Sunil Kumar Gupta. The Independent Directors do not have any pecuniary relationships of transaction with the Company, promoters, management that may affect their judgment in any manner.

During the financial year under review Twelve (12) Board meetings were held on 10/04/2010, 14/04/2010, 25/05/2010, 16/06/2010, 25/06/2010, 16/07/2010, 05/08/2010, 01/09/2010, 14/10/2010, 24/12/2010, 10/02/2011, 17/02/2011 and the attendance of each of the Director in the Board meetings is as follows:

Name of the Director	Designation	No. of board Meeting attended	Status of the Director
Ashvarya Kumar Maheshwari	Director	12	Promoter Director
Mahabir Parshad Gupta *	Director	11	Independent Director
Sunil Kumar Gupta	Director	10	Independent Director
Rajbir Singh Makhni	Director	11	Independent Director
Yash Basrar	Director	2	Independent Director

* ceased to be director w.e.f 10.02.2011

Brief Profile of all the Directors of the Company, including those to be appointed/re-appointed at the Annual General Meeting:

Mr. Ashvarya Kumar Maheshwari, Promoter Director:

Mr. Ashvarya Kumar Maheshwari, aged about 57 yrs is the Promoter Director of M/s Euro Finmart Limited. The Visionary leadership of Mr. Maheshwari has created a multi divisional corporate which can boast of many firsts to

its credits. He is having 21 years of experience in Consultancy and Advisory services related to Management & expertise in Corporate.

Mr. Yash Basrar, Independent Director:

Mr. Yash Basrar aged about 65 yrs, is a fellow member of ICSI and well known corporate consultant. He is having vast experience in Consultancy and Advisory services related to Management & expertise in Corporate.

Mr. Rajbir Singh Makhni, Independent Director:

Mr. Rajbir Singh Makhni aged about 53 yrs, having rich experience in the field of consultancy and Liaoning matters with the Corporate. He is the Director of the Company since 2008. He is having 21, years of rich experience in Stock & Commodity broking services.

Mr. Sunil Kumar Gupta, Independent Director:

Mr. Sunil Kumar Gupta aged about 43 yrs having rich experience in the field of accounts and finance matters. He is expert in finance matters and involve in the advisory services related to Restructuring, ROC, CLB and advisory matters related to account and taxation for the individuals as well as Corporate.

CHANGE OF COMPLIANCE OFFICER

Ms Heena Jain Compliance Officer resigned and in place of her Mr. Ashish Kumar an associate member of ICSI appointed as Compliance Officer w.e.f. 23rd September 2010.

INFORMATION SUPPLIED TO THE BOARD

The Company sends a detailed agenda folder to each Director sufficiently before Board and Committee meetings. To enable the Board to discharge its responsibilities effectively, the chairman apprise the Board at every meeting on the overall performance of the Company, followed by the detailed presentation. A detailed functional report is also placed at Board Meetings. The Board provides the overall s-strategic direction and periodically reviews strategy and business plans, annual operating and capital expenditure budgets and oversees the actions and results of the management to ensure that the long term objectives of enhancing shareholders' value are met. The Board also, inter alia, considers and reviews investment and exposure limits, adoption of quarterly/half-yearly/annual results, transactions pertaining to purchase/disposal of property, major accounting provisions and write-offs, minutes of meetings of the Audit and other Committees of the Board and information on recruitment of officers just below the Board level, including the Compliance Officer.

The Board periodically reviews Status of all laws applicable to the Company, as well as steps taken by the Company to rectify instances of non-compliances, if any.

COMMITTEES OF THE BOARD:-

Your Company has three major Board level Committees –

- i) Audit Committee;
- ii) Remuneration Committee;
- iii) Share transfer & shareholders/ investors grievance committee;

1) AUDIT COMMITTEE

To provide assistance to the Board of Directors of the Company, the Audit Committee was constituted. It consists of three members including Chairman namely Mr. Mahabir Parshad Gupta, Mr. Rajbir Singh Makhni and Mr. Ashvarya Kumar Maheshwari. The Company Secretary is the Secretary of the Committee.

Mr. Mahabir Parshad Gupta ceased to be Director of the company, the Committee was re-constituted on 17.02.2011 and now headed by Mr. Rajbir Singh Makhni as Chairman, Mr. Sunil Kumar Gupta and Mr. Ashvarya Kumar Maheshwari.

Primary Objective:

The Primary objective of the Audit Committee (the Committee) of the Company is to monitor and provide effective supervision of the management financial reporting process with a view to ensure accurate, timely and proper disclosure and transparency, integrity and quality of financial reporting. The role and powers of the Audit Committee is as set out in Clause 49 of the Listing Agreement(s) with Stock Exchanges and Section 292A of the Companies Act, 1956. The terms of reference of the Audit Committee are broadly as follows:

- Oversight of Company's financial reporting process and disclosure of its financial information.
- Review with the management, quarterly and annual financial statements.
- Review of related party transactions.
- Review of Company's financial and risk management policies.
- Review with the management, statutory and internal auditors, adequacy of internal control systems.
- Recommend to the Board the appointment, re-appointment and removal of the statutory auditor, Fixation of their remuneration.
- Discussion with Statutory Auditors about the nature and scope of audit as well as post audit discussion to ascertain any area of concern and internal control weaknesses observed by the Statutory Auditors.
- Discussion of Internal Audit Reports with Internal Auditors and significant findings and follow up there on and in particular internal control weaknesses.

The Committee met 6 times during the year on 10/04/2010, 25/05/2010, 05/08/2010, 14/10/2010, 10/02/2011 and 17/02/2011. The gap between two meetings was not more than four months.

The attendance record of the members is as follows:

Name of the Director	Status of Director	No. of meetings held	No. of meetings attended
Ashvarya Kumar Maheshwari	Promoter Director	6	6
Mahabir Parshad Gupta *	Independent Director	6	5
Sunil Kumar Gupta	Independent Director	6	1
Rajbir Singh Makhni	Independent Director	6	6

* ceased to be director w.e.f 10.02.2011

2) REMUNERATION COMMITTEE

The Remuneration Committee is headed by Mr. Rajbir Singh Makhni as the chairman of the Committee. The Remuneration Committee of the company comprises of three Directors consisting of Mr. Rajbir Singh Makhni, Mr. Ashvarya Kumar Maheshwari, and Mr. Mahabir Parshad Gupta. The Company Secretary is the Secretary of the Committee.

Mr. Mahabir Parshad Gupta ceased to be the Director of the company; the committee was re-constituted on dated 17.02.2011 and now headed by Mr. Rajbir Singh Makhni, Mr. Ashvarya Kumar Maheshwari and Mr. Sunil Kumar Gupta.

As on date there are no directors who are drawing remuneration from the Company no meeting was held during the financial year ended on 31.03.2011.

3) SHARE TRANSFER & SHAREHOLDERS/ INVESTORS GRIEVANCE COMMITTEE

The Share Transfer & Shareholders/ Investors Grievance Committee provide assistance to the Board of Directors in ensuring that the transfer of shares takes place within the stipulated period. Mr. Mahabir Parshad Gupta ceased to be the Director of the Company; the committee was re-constituted on 17.02.2011. It is now headed by Mr. Rajbir Singh Makhni, Mr. Sunil Kumar Gupta and Mr. Yash Basrar to look after all matters pertaining to share transfers, transmissions, issuance of duplicate shares, transpositions etc & also to provide the shareholders of the company with additional assurance that sufficient information is being provided to enable them to form a reasoned opinion on the working of the company & to ensure speedy redressal of their grievances pertaining to share related issues. The Committee is consisting of members i.e. Mr. Mahabir Parshad Gupta, Mr. Rajbir Singh Makhni and Mr. Sunil Kumar Gupta.

The Committee frames the policy & look into the redressal of shareholders & Investors grievances pertaining to:

- 1) Transfer of shares & its timeliness.
- 2) Transmission of Shares.
- 3) Issuance of duplicate shares.
- 4) Investors/ shareholders grievance(s) pertaining to all types of matters concerning their dealing with the Company with respect to their investment in the securities of the company, more specially pertaining to non-receipt of Annual Reports, delay in transfers, non-redressal of complaint, non-receipt of Annual Reports.

The Committee met 5 times during the year on 24/05/2010, 04/08/2010, 13/10/2010, 10/02/2011 and 17.02.2011. The gap between two meetings was not more than four months.

The attendance record of the members is as follows:

Name of the Director	Status of Director	No. of meetings held	No. of meetings attended
Mahabir Parshad Gupta *	Independent Director	5	4
Rajbir Singh Makhni	Independent Director	5	5
Sunil Kumar Gupta	Independent Director	5	1
Yash Basrar	Independent Director	5	1

* ceased to be director w.e.f 10.02.2011

GENERAL BODY MEETING:-

Details of Annual General Meeting (AGM) for the last Three Years:

Description of Meeting	Date	Venue	Time	No. of Special resolution passed
21 st AGM	25 th June, 2010	291, Anarkali Complex, Jhandewalan Extension, New Delhi-110055	10:00 A.M.	1
20 th AGM	20 th August, 2009	291, Anarkali Complex, Jhandewalan Extension, New Delhi-110055	10:00 A.M.	1
19 th AGM	18 th August, 2008	2E/16, Jhandewalan Extension, New Delhi-110055	10:00A.M.	1

One **Preference Shareholders meeting** on shorter notice was held on 3rd January, 2011 in which Preference Shareholders approved the resolution for the conversion of their Preference Shares into Equity Shares.

One **Extra Ordinary General Meeting** was held on 24th January, 2011 in which the authorized share capital of the company was re-classified by cancellation of 49,00,000 (Forty Nine Lacs) 6% Non-convertible Preference Shares of Rs 10/- (Rupees Ten) each and 49,00,000 (Forty Nine Lacs) Equity Shares of Rs 10/- (Rupees Ten) each was created. Further the existing Clause V of the Memorandum of Association of the Company as to share capital was substituted as follows:-

“V. The Authorised Share Capital of the Company is Rs. 5, 00, 00,000/- (Rupees Five Crores only) divided into 50, 00,000 (Fifty Lacs) Equity Shares of Rs.10/- each.”

Further the members authorized the Board to issue, offer and allot up to 9,15,875 (Nine Lacs Fifteen Thousand Eight Hundred and Seventy Five) Equity Shares of Rs.10/- each to the persons belonging to Non-Promoter Group at a price of Rs. 53.50/- (Rupees Fifty three and Fifty Paise) per share (includes premium of Rs.43.50/-), upon conversion of Preference Shares held by them.

DISCLOSURE:-

1. Related parties & transaction with them as required under Accounting Standard 18 (AS- 18) are furnished as item No.10 of Part B of Schedule 13 relating to Significant & Accounting Policies and Notes on Accounts attached to & forming part of Balance Sheet & Profit & Loss Account for the period ended 31.03.2011
2. There is no pecuniary relationship or transaction with Independent/Non executive Director.
3. None of transactions with any of any of related parties were in conflict with the interest of the Company.

MEANS OF COMMUNICATION:-

Complying with provision of the Listing Agreement, norms, Guidelines and Circulars etc. and Information like Quarterly Financial results and other significant developments in the Company has been made available from time to time to the press and had also been submitted to the Stock Exchanges to enable them to put them on their websites.

CEO/CFO CERTIFICATION

The Director has signed a certificate accepting responsibility for the financial statement and confirming the effectiveness of the internal control systems, as required in Clause 49 of the Listing Agreement with the Stock Exchanges, which is given separately herewith.

GREEN INITIATIVE IN THE CORPORATE GOVERNANCE

This refers to the Circular No.17/2011 dt. 21.4.2011 and No.18/2011 dt. 29.04.2011 issued by Ministry of Corporate Affairs (“MCA”) titled “Green Initiative in the Corporate Governance” vide which MCA has allowed the service of documents on members by a company through electronic mode. The move by the Ministry is welcome since it will benefit the society at large through reduction in paper consumption and contribute towards a Greener Environment. Your company also participated in Green Initiative Process to ensure prompt receipt of communication and avoid loss in postal transit and thus serve the shareholders better.

SHAREHOLDERS' INFORMATION:-

Annual General Meeting : 22nd **Annual General Meeting**

Day / Date : Thursday, 15th September 2011

Place : 291, Anarkali Complex, Jhandewalan Extension, New Delhi-110055

Time : 10:00 A.M.

Date of Book Closure

Monday, 8th September 2011 to Thursday, 15th September 2011

Listing on Stock Exchanges:

1. The Bombay Stock Exchange Ltd.
25th Floor, Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai.
2. The Delhi Stock Exchange Ltd.
DSE House, 3/1, Asaf Ali Road, New Delhi.

Stock Code

ISIN No. : INE914E01024
Scrip Code : 531082 at Bombay Stock Exchange
Scrip Code : 7071 at Delhi Stock Exchange

Capital Structure

As on 31.03.2011, the Authorised Share Capital of the Company is Rs. 5, 00, 00,000/- (Rupees Five Crores only) divided into 50, 00,000 (Fifty Lacs) Equity Shares of Rs.10/- each. The shareholding pattern of the Company as on 31.03.2011 is as follows:

Category	No. of shares held	Percentage of Shareholding
A Promoter's Group		
1. Promoters- Indian Promoters	21286	2.20
- Foreign Promoters	444	0.04
2. Persons acting in concert	-	-
Sub- Total	21730	2.24
B Non-Promoter's Holding		
3. Institutional Investors		
a. Mutual Funds and UTI		
b. Banks, Financial Institutions, Insurance Companies (Central/ State Govt. Institutions/ Non-government Institutions)	290	0.03
c. FIIs		
Sub- Total	290	0.03
4. Others		
a. Private Corporate Bodies	197266	20.35
b. Indian Public	746145	76.96
c. NRIs	3950	0.41
d.OCBs	200	0.02
Any other (please specify)	-	-
Sub-Total	947561	97.73
GRAND TOTAL(1+2+3+4)	969581	100