

CORPORATE GOVERNANCE REPORT

A detailed report on Corporate Governance for the Financial Year 2011-12 is given below:

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate Governance is a set of systems and practices to ensure that the affairs of the Company are being managed in a way which ensures accountability. Euro Finmart Limited believes in maintaining high standards of Corporate Governance as a part of its legacy and constitution. Further the Company is also based on the philosophy of fairness, transparency, accountability and dissemination of information which are the basics of Corporate Governance.

The Company is trying to uphold and nurture these core values of Corporate Governance in all respects of its operations. We have undertaken several initiatives towards maintaining the highest standards of Governance.

BOARD OF DIRECTORS

The Board of Directors of the Company have well-qualified professionals. All directors are suitably qualified, well-experienced and very competent.

Composition of Board of Directors

The Company's Board comprises of 4 (Four) Directors, out of these 3 (Three) are Independent. The Company has also constituted three committees namely Audit Committee, Share Transfer and Shareholders'/Investors' Grievance Committee and Remuneration Committee. All the Committees have comprises of majority of Independent Directors.

Directorship in other Companies

S. No.	Name of Directors	Number of Directorship
1	Ashvarya Kumar Maheshwari	NIL
2	Yash Jeet Basrar	Four
3	Rajbir Singh Makhni	Eight
4	Sunil Kumar Gupta	Eight

Appointment & Tenure

The Directors of the Company are appointed by the members at the General Meetings. Directors liable to retire by rotation, step down at the Annual General Meeting each year and, if eligible, offer themselves for re-election, in accordance with the Article of Association of the Company.

Board Meetings and Attendance of each Director

During the financial year under review, the Board of Directors met 9 (Nine) times on 27.05.2011, 30.05.2011, 10.08.2011, 30.08.2011, 05.10.2011, 19.10.2011, 03.11.2011, 28.11.2011 and 10.02.2012 and the attendance of each of the Director in the Board Meetings is as follows:

S. No.	Name of Directors	Designation	No. of Board Meetings attended	Status of the Director
1.	Ashvarya Kumar Maheshwari	Director	5	Promoter Director
2.	Rajbir Singh Makhni	Director	6	Independent Director
3.	Sunil Kumar Gupta	Director	9	Independent Director
4.	Yash Jeet Basrar	Director	9	Independent Director

Brief Profile of Mr. Ashvarya Kumar Maheshwari who is re-appointed at the Annual General Meeting:

Mr. Ashvarya Kumar Maheshwari, aged about 58 years is Promoter Director of the Company. The visionary leadership of Mr. Maheshwari has created a multi divisional corporate. He is having 22 years of experience in Consultancy and Advisory services related to Management & expertise in Corporate.

Board Support

The Company Secretary is responsible for collation, review and distribution of all papers submitted to the Board for consideration. The Company Secretary is also responsible for the preparation of the agenda and convening of the Board Meetings. The Company Secretary attends all the meeting of the Board and its Committees, advises/assures the Board on Compliance and Governance principles and ensures appropriate recording of minutes of the meeting.

COMMITTEES OF THE BOARD

Your Company has three Committees:

1. Audit Committee
2. Remuneration Committee
3. Share Transfer & Shareholders'/Investors' Grievance Committee

1. Audit Committee:

Audit Committee of the Board is constituted to provide the assistance in financial and other allied matters to the Board of Directors of the Company. The Committee consists of three members:

Mr. Sunil Kumar Gupta	Chairman
Mr. Ashvarya Kumar Maheshwari	Member
Mr. Rajbir Singh Makhni	Member

Objective of Audit Committee

The Objective of the Audit Committee is to oversight the financial reporting process and to ensure that the financial statement of the Company is correct, sufficient and credible. The roles and powers of the Audit Committee is prescribed in Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement with the Stock Exchanges. 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 auditors and 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 thereon and in particular internal control weaknesses.

Meetings of the Audit Committee:

The Audit Committee met 4 times during the year on 27.05.2011, 09.08.2011, 02.11.2011 and 09.02.2012. The gap between two meetings was not more than 4 months. The attendance record of the members is as follows:

S. No.	Name of the Directors	Position Held	No. of Meetings Held	No. of Meetings Attended
1.	Sunil Kumar Gupta	Chairman	4	4
2.	Ashvarya Kumar Maheshwari	Member	4	4
3.	Rajbir Singh Makhni	Member	4	4

2. Remuneration Committee:

The Committee consists of following:

Mr. Rajbir Singh Makhni	Chairman
Mr. Ashvarya Kumar Maheshwari	Member
Mr. Sunil Kumar Gupta	Member

As on date there are no directors who are drawing remuneration from the Company. No meeting was held during the financial year ended on 31.03.2012.

Remuneration Policy

The remuneration policy is directed towards rewarding performance, based on review of achievements on a periodical basis. The remuneration policy is in consonance with the existing industry practice.

Remuneration decided by committee is fair, transparent and simple to administrator.

3. Share Transfer & Shareholders'/Investors' Grievance Committee:

The Committee was constituted to ensure the transfer of shares within the stipulated time period and to redress shareholders' complaints such as transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends, etc.

The Share Transfer & Shareholders'/Investors' Grievance Committee consists of the following:

Mr. Yash Jeet Basrar	Chairman
Mr. Sunil Kumar Gupta	Member
Mr. Rajbir Singh Makhni	Member

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 complaints and non-receipt of Annual Reports.

Shareholders' Complaints

S. No.	Particulars	Number of Complaints
1	Shareholders' Complaints received	NIL
2	Complaints resolved	NIL
3	Pending Complaints	NIL

Meetings of the Share Transfer and Shareholders'/Investors' Grievance Committee:

The Committee met 4 times during the year on 27.05.2011, 09.08.2011, 02.11.2011 and 09.02.2012. The gap between two meetings is not more than four months.

The attendance record of the members is as follows:

S. No.	Name of the Directors	Position Held	No. of Meetings Held	No. of Meetings Attended
1	Yash Jeet Basrar	Chairman	4	4
2	Rajbir Singh Makhni	Member	4	4
3	Sunil Kumar Gupta	Member	4	4

GENERAL BODY MEETINGS

Details of last three Annual General Meetings of the Company:

Description of Meetings	Date	Venue	Time	No. of Special resolution passed
22nd AGM	29.09.2011	Haryana Maitri Bhavan, H-4 & 5, Guru Harikishan Marg, Opposite Keshav Mahavidyalaya, Pitampura, New Delhi-110034	11.00 A.M.	1
21st AGM	25.06.2010	291, Anarkali Complex, Jhandewalan Extension, New Delhi-110 055	10:00 A.M.	0
20th AGM	20.08.2009	291, Anarkali Complex, Jhandewalan Extension, New Delhi-110055	10:00 A.M.	1

No Special Resolution was passed in the last year through Postal Ballot.

DISCLOSURE

1. Related Parties & Transactions with them as required under Accounting Standard (AS-18) are furnished as Note No 1.10 and attached to & forming part of Balance Sheet & Statement of Profit & Loss for the financial year ended on 31st March, 2012.
2. Neither has any non compliance with any of the legal provisions of the Companies Act, 1956 been made by the Company nor any penalty imposed by the stock exchanges or SEBI or any other statutory authority on any matter related to the capital markets during the last 3 years.
3. There is no pecuniary relationship or transaction with Independent/Non executive Director.
4. None of transactions with any of related parties were in conflict with the interest of the Company.
5. The Company has fulfilled the following non-mandatory requirements as prescribed in Annexure 1 D to the Clause 49 of the Listing Agreements entered into with the Stock Exchanges:
 - (a) The Company has set up a Remuneration Committee, details of which have been given earlier in this report.

- (b) The Company has adopted a Whistle Blower Policy and has established the necessary mechanism for employees to report concerns about unethical behavior. No person has been denied access to the Audit Committee.
- (c) The Statutory Financial Statements of the Company are unqualified.

INTERNAL CONTROL AND RISK MANAGEMENT

The Company has systems for corporate risk assessment and mitigation. Every quarter, the Audit Committee of the Board is presented with key control issues and actions taken on past issues.

Business risk assessment procedures have been set in place for self-assessment of business risks, operating controls and compliance with Corporate Policies. There is an ongoing process to track the evolution of the risks and delivery of mitigating action plans.

The procedures adopted provide the Management an assurance on the internal processes and systems.

MEANS OF COMMUNICATION

Effective communication of information is an essential component of corporate governance. It is the process of sharing information, ideas, thoughts, opinions and plans to all stakeholders which promotes managements-shareholders relations. The Company regularly interacts with shareholders through multiple channels of communication such as results announcement, annual report, media releases, Company's website and subject specific communications.

The quarterly, half yearly and annual results of the Company's performance are published in newspapers. These results are also made available on the website of the Company, viz. www.eurofin.in.

CODE OF CONDUCT

Code of conduct for the Directors and senior management was adopted by the Board. This code has been laid down with a view to promote good corporate governance and is applicable to all the Directors and Senior Management of the Company. This code of conduct is also available on the website of the Company, viz., www.eurofin.in.

CEO/CFO CERTIFICATION

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, Directors has signed a Certificate accepting responsibility for the financial statement and confirming the effectiveness of the internal control system, which is given separately herewith.

COMPLIANCES UNDER LISTING AGREEMENT

Company is regularly complying with the provisions of the Listing Agreement. Informations, certificates and returns as required under Listing Agreement are sent to the stock exchanges within the prescribed time.

INFORMATION ON DEVIATION FROM ACCOUNTING STANDARDS, IF ANY

There has been no deviation from the Accounting Standards in preparation of annual accounts for the financial year 2011-12.

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

The Auditors' Certificate on compliance of Clause 49 (VII) of the Listing Agreement relating to Corporate Governance is published as an Annexure to the Directors' Report.

GENERAL SHAREHOLDERS' INFORMATION

Annual General Meeting : 23rd Annual General Meeting
Day & Date : Friday, 28th September, 2012

Location : 3E/9, First Floor, Jhandewalan Extension,
New Delhi – 110 055

Time : 11.00 A.M.

FINANCIAL YEAR

From 1st April, 2011 to 31st March, 2012

DIVIDEND PAYMENT

No dividend was recommended by the Board of Directors for the financial year 2011-12.

DATE OF BOOK CLOSURE

21st September, 2012 to 28th September, 2012 (both days inclusive)

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

SHARE TRANSFER SYSTEM

The Board of Directors have delegated the power of approving the transfer, transmission of shares and other matters like consolidation of share certificates, issue of duplicate share certificates, dematerialization / rematerialisation of shares, to registrar & share transfer agents of the Company. All the matters are approved by RTA regularly.

Presently, the share transfer instruments which are received in physical form are being processed by R&T Agent, Alankit Assignments Limited and the share certificates are dispatched within a period of 30 days from the date of receipt thereof, subject to documents being complete and valid in all respects. The request for dematerialization of shares are also processed by R&T Agent within stipulated period of 21 days and uploaded with the concerned depositories.

The Company obtains half-yearly certificate of compliance related to the share transfer formalities from Company Secretary in Practice as required under clause 47(c) of the Listing Agreement with Stock Exchanges and files a copy of certificate with Stock Exchanges on or before due date.

CAPITAL STRUCTURE

As on 31st March, 2012, the Authorized Share Capital of the Company is ₹ 50,000,000/- (Rupees Five Crores only) divided into 5,000,000 (Fifty Lacs) Equity Shares of ₹ 10/- each. The shareholding pattern of the Company as on 31st March, 2012 is as follows:

Category	No. of Shares held	Percentage of Shareholding
A. Promoter's Group		
1. Promoters – Indian Promoters	1,06,430	2.19
– Foreign Promoters	2220	0.05
2. Persons acting in Concert	-	-
Sub-Total	1,08,650	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)	1,450	0.03
c. FIIs	-	-
Sub-Total	1,450	0.03
4. Others		
a. Private Corporate Bodies	10,65,490	21.98
b. Indian Public	36,51,665	75.33
c. NRIs	19,650	0.40
d. OCBs	1,000	0.02
Sub-Total	47,37,805	97.73
GRAND TOTAL (1+2+3+4)	48,47,905	100.00

DISTRIBUTION OF EQUITY SHARES

Total Number of Equity Shares - 48,47,905
Paid up value per share - ₹ 10/- each

DISTRIBUTION OF SHAREHOLDINGS

Share of Nominal Value of ₹	Shareholders Number	Amount		
		%	₹	%
1 to 5000	1136	94.04	9,42,300	1.94
5001 to 10000	26	2.15	1,98,400	0.41
10001 to 20000	14	1.16	1,97,500	0.41
20001 to 30000	3	0.25	69,900	0.41
30001 to 40000	1	0.08	33,000	0.07
40001 to 50000	0	0.00	0	0.00
50001 to 100000	4	0.33	2,54,900	0.53
100001 to Above	24	1.99	4,67,83,050	96.50
TOTAL	1208	100.00	4,84,79,050	100.00

MARKET PRICE DATA - BSE

(Figures in ₹)

Month	Open Price	High Price	Low Price	Close Price	Total Turnover
October, 2011	11.55	12.70	11.55	12.70	3635
March, 2012	13.33	13.33	13.33	13.33	1333

DEMATERIALIZATION OF SHARES

The Shareholders of the Company have the option to dematerialize their shares. The Company has an agreement with NSDL for Dematerialization of Shares. The Company has also applied for admission of securities with CDSL. Status of Issued Share Capital as on 31.03.2012:

Total Issued Capital	No. of Shares	% of Total Capital
Demat Form	43,97,712	90.71
Physical Form	4,50,193	9.29
Total	48,47,905	100.00

REGISTERED OFFICE:

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

REGISTRAR AND SHARE TRANSFER AGENT:**Alankit Assignments Limited**

"Alankit House" 2E/21, Jhandewalan Extension, New Delhi-110055
Ph No. 011-42541234 • Fax: 011-42541967

INVESTOR CORRESPONDENCE MAY BE ADDRESSED TO:**Mr. Ashish Kumar**

Compliance Officer and Company Secretary,
Euro Finmart Limited
291, Anarkali Complex, Jhandewalan Extension, New Delhi-110055
Ph No. 011-43560061 • Fax: 011-43560061 • Website: www.eurofin.in