

CORPORATE GOVERNANCE REPORT

A detailed report on Corporate Governance for the Financial Year 2013-14 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 5 (Five) Directors, out of these 3 (Three) are Independent. The Company has also constituted/re-constituted four committees namely Audit Committee, Nomination & Remuneration Committee, Stakeholder Relationship Committee and Management Committee. All the Committees comprise majority of Independent Directors.

Appointment & Tenure

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, Attendance and Directorships of Directors

During the financial year under review, the Board of Directors met 4 (Four) times on 30.05.2013, 09.08.2013, 02.11.2013 and 13.02.2014 and the attendance of each of the Director in the Board Meetings is as follows:

S. No.	Name of Directors	Category	No. of Board Meetings attended	Number of Directorship in other Companies
1.	Alok Kumar Agarwal	Non-Independent, Non-Executive	4	10
2.	Rajbir Singh Makhni	Independent, Non-Executive	3*	5
3.	Sunil Kumar Gupta	Independent, Non-Executive	3*	3
4.	Yash Jeet Basrar	Independent, Non-Executive	4	5
5.	Mukesh Chandra Agrawal	Non-Independent Non-Executive	1#	8

* Resigned w.e.f. 02nd November, 2013.

Appointed as Additional Director w.e.f. 02nd November, 2013.

Brief Profile of Mr. Yashjeet Basrar who is re-appointed at Annual General Meeting:

Mr. Yashjeet Basrar aged about 67 yrs is a fellow member of Institute of Company Secretaries of India and having rich experience in the field of secretarial, consultancy and liasoning matters with the Corporate. He is the Director of the Company since 2011.

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. Nomination & Remuneration Committee
3. Stakeholder Relationship Committee
4. Management 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 is re-constituted w.e.f. 26th May, 2014. Now, Audit Committee consists of three members:

Name	Category
Mr. Yashjeet Basrar	Chairman
Mr. Pradip Kumar Banerji	Member
Mr. Rajeshwar Prasad Agrawal	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 177 of the Companies Act, 2013 and Clause 49 of the Listing Agreement with the Stock Exchanges. The terms of reference of the Audit Committee are broadly as follows:

The terms of reference of Audit Committee will be as follows:

- the recommendation for appointment, remuneration and terms of appointment of auditors of the company;
- review and monitor the auditor's independence and performance, and effectiveness of audit process;
- examination of the financial statement and the auditors' report thereon;
- approval or any subsequent modification of transactions of the company with related parties;
- scrutiny of inter-corporate loans and investments;

- valuation of undertakings or assets of the company, wherever it is necessary;
- evaluation of internal financial controls and risk management systems;
- monitoring the end use of funds raised through public offers and related matters.
- Establish and Monitor Vigil Mechanism.
- Monitor Compliance Mechanism.
- Compliance of Internal Financial Controls and Risk Management.

Meetings of the Audit Committee:

The Audit Committee met 4 times during the year on 30.05.2013, 09.08.2013, 02.11.2013 and 13.02.2014. The gap between two meetings was not more than 4 months. The attendance record of the members is as follows:

S. No.	Name	Category	No. of Meetings Held	No. of Meetings Attended
1.	Alok Kumar Agarwal	Chairman	4	4
2.	Rajbir Singh Makhni	Member	4	3*
3.	Sunil Kumar Gupta	Member	4	3*
4.	Mukesh Chandra Agarwal	Chairman	4	1#

* Resigned w.e.f. 02.11.2013.

Appointed as Director and Chairman of Audit Committee w.e.f. 02.11.2013.

2. Nomination & Remuneration Committee:

The Remuneration Committee is reconstituted on 26.05.2014. Now, it consists of following:

Name	Category
Mr. Yashjeet Basrar	Chairman
Mr. Pradip Kumar Banerji	Member
Mr. Rajeshwar Prasad Agrawal	Member

There were no directors who are drawing remuneration from the Company in the financial year 2013-14. No meeting of Remuneration Committee was held during the financial year 2013-14.

The terms of reference of Nomination & Remuneration Committee will be as follows:

- The Committee shall identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance.
- It shall formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.

3. Stakeholder Relationship Committee:

Shareholders'/Investor Grievance committee of the Board of Directors of the Company was reconstituted and name of the Committee is also change to comply with the provisions of Section 178(5) of the Companies Act, 2013. 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 Stakeholder Relationship Committee consists of the following:

Name	Category
Mr. Yash Jeet Basrar	Chairman
Mr. Shyam Kishore Lal	Member
Mr. Rajeshwar Prasad Agrawal	Member
Mr. Pradip Kumar Banerji	Member

Details of investor complaints received and redressed during the year 2013-14 are as follows:

Opening Balance	Received during the year	Resolved during the year	Closing Balance
NIL			

Meetings of the Share Transfer and Shareholders'/Investors' Grievance Committee (named earlier):

The Committee met 4 times during the year under review on 15.04.2012, 15.07.2012, 14.10.2012 and 01.02.2013. The attendance record of the members is as follows:

S. No.	Name	Category	No. of Meetings Held	No. of Meetings Attended
1	Yash Jeet Basrar	Chairman	4	4
2	Rajbir Singh Makhni	Member	4	3*
3	Sunil Kumar Gupta	Member	4	3*
4	Alok Kumar Agarwal	Member	4	1\$
5	Mukesh Chandra Agrawal	Member	4	1#

* Resigned w.e.f. 02.11.2013.

Appointed as Director and Member w.e.f. 02.11.2013.

\$ Appointed as member w.e.f. 02.11.2013.

4. Management Committee

Management committee of the Board of Directors of the Company was constituted by the Board of Directors in their meeting dated 26.05.2014.

The management committee consists of the following:

Name	Category
Mr. Ankit Agarwal	Chairman
Mr. Rajeshwar Prasad Agrawal	Member
Mr. Yashjeet Basrar	Member

GENERAL BODY MEETINGS

Details of last three Annual General Meetings of the Company are as follows:

Description of Meetings	Date	Venue of AGM	Time	No. of Special resolution passed
24 th AGM	30.09.2013	3E/9, 1st Floor, Jhandewalan Extension, New Delhi - 110 055	10.30 A.M.	0
23 rd AGM	30.09.2012	3E/9, 1st Floor, Jhandewalan Extension, New Delhi - 110 055	11.00 A.M.	0
22 nd AGM	29.09.2011	Haryana Maitri Bhavan, H-4 & 5, Guru Harikishan Marg, Opposite KeshavMahavidyalaya, Pitampura, New Delhi-110034	11.00 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 19 and attached to & forming part of Balance Sheet & Statement of Profit & Loss for the financial year ended on 31st March, 2014.
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.

(c) The Statutory Financial Statements of the Company are unqualified.

INTERNAL CONTROLS AND RISK MANagements

The Company has systems for corporate risk assessment and mitigation. 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 2013-14.

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

i	Annual General Meeting Day, Date, Time & Venue	Saturday, 5 th July, 2014 at 10.00 AM 2 nd Floor, Vikas Surya Plaza, Mangalam Place, Sector-3, Rohini, New Delhi
ii	Financial Year	2013-14
iii	Date of Book Closure	29 th June, 2014 to 5 July, 2014
iv	Dividend Payment	No Dividend was declared or paid during the financial year 2013-14

v	Listing on Stock Exchange	The Bombay Stock Exchange Limited, Phiroze Jeejeebhoy Towers, 25th Floor, Dalal Street, Mumbai-400 001
vi	Scrip Code Scrip ID ISIN	531082 EUROFIN INE914E01024

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.

SHAREHOLDING PATTERN

As on 31st March, 2014, the Authorized Share Capital of the Company is Rs. 50,000,000/- (Rupees Five Crores only) divided into 5,000,000 (Fifty Lacs) Equity Shares of Rs.10/- each. The shareholding pattern of the Company as on 31st March, 2014 is as follows:

Category	No. of Shares held	Percentage of Shareholding
A. Promoters Holding		
Indian		
1. Individual	81,027	1.67
2. Body Corporate	78,810	1.63
Sub-Total	159837	3.30
B. Non-Promoter's Holding		
3. Institutional Investors		
a. Banks, Financial Institutions, Insurance Companies (Central/State Govt. Institutions/Non-Government Institutions)	1,450	0.03
4. Non Institutional Investors		
a. Bodies Corporate	2,98,197	6.15
b. Individuals	43,68,471	90.11
c. NRIs	18,950	0.39
d. OCBs	1,000	0.02

Sub-Total	46,86,618	96.67
GRAND TOTAL	48,47,905	100.00

DISTRIBUTION OF EQUITY SHARES

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

DISTRIBUTION OF SHAREHOLDINGS

Shareholding (No. of Shares)	Shareholders		Amount	
	Number	%	Rs.	%
1 to 100	937	70.77	39,155	0.80
101 to 500	205	15.48	50,648	1.04
501 to 1000	22	1.66	17,552	0.36
1001 to 5000	40	3.02	1,04,878	2.16
5001 to 10000	36	2.71	2,59,853	5.36
10001 to 20000	17	1.28	2,38,770	4.92
20001 to 30000	11	0.83	2,65,476	5.47
30001 to 40000	11	0.83	3,80,799	7.85
40001 to 50000	9	0.68	4,05,109	8.35
50001 to 100000	29	2.19	20,59,608	42.48
100001 to 500000	7	0.52	10,26,057	21.16
500001 to Above	-	-	-	-
TOTAL	1324	100.00	4847905	100.00

MARKET PRICE DATA - BSE(Figures in Rs.)

MONTH	OPEN	HIGH	LOW	CLOSE	TOTAL TURNOVER
April	80.00	92.90	68.15	79.80	8,58,27,763
May	79.80	86.90	59.30	75.10	3,58,00,169
June	73.00	93.90	54.00	72.00	1,54,71,457
July	72.90	90.50	59.00	65.00	2,05,41,338
August	75.00	78.75	64.00	64.00	1,30,29,885
September	62.00	72.80	50.00	66.00	93,66,667
October	64.00	96.80	52.00	71.00	44,89,238
November	76.00	91.30	76.00	91.30	76,384
December	109.55	157.25	109.55	141.65	2,90,799
January	134.60	134.65	127.95	134.30	1,176
February	127.60	127.60	89.30	89.30	1,29,071
March	84.85	84.85	66.00	66.00	88,012

DEMATERIALIZATION OF SHARES

The Shareholders of the Company have the option to dematerialize their shares. Company has an agreement with NSDL & CDSL for Dematerialization of Shares. Status of Issued Share Capital as on 31.03.2014 is as follows:

Total Issued Capital	No. of Shares	% of Total Capital
Demat Form	47,47,273	97.92
Physical Form	1,00,632	2.08
Total	4847905	100.00

REGISTERED OFFICE:

205-208, 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. Preeti Puri

Compliance Officer and Company Secretary,
Euro Finmart Limited
205-208, Anarkali Complex,
Jhandewalan Extension,
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Ph No. 011-41540028
Fax: 011-41540028
Website: www.eurofin.in