

GAURAV MERCANTILES LIMITED

CORPORATE GOVERNANCE REPORT

Introduction

Your Company is committed to ensure good Corporate Governance practice as it builds confidence and trust, which eventually leads to a more stable and sustained resource flow and long term partnership with its investors and other stakeholders. Transparency, accountability and professionalism in all our activities, compliance with the laws and regulations and creating a motivated work force enables effective management of our Company.

The detailed report on implementation by the Company, of the Corporate Governance Code as incorporated in Clause 49 of the Listing Agreement with the Stock exchanges, is set out below.

I. Company's Philosophy on Corporate Governance:

The Company believes that good Corporate Governance is essential to achieve long-term corporate goals and to enhance stakeholder's value. The Company's philosophy on good corporate governance envisages a combination of business practices that results in enhancement of the value of the Company to the shareholders and simultaneously enables the Company to fulfill its obligations to other stakeholders such as customers, employees, financiers and to the society at large. The Company firmly believes that such practices are founded upon the core values of transparency, professionalism, empowerment, equity and accountability.

The Company makes best endeavors to uphold and nurture these core values in all facets of its operations and aims to increase and sustain its corporate value through growth and innovation.

The Company is fully committed to and continues to follow procedures and practices in conformity with the Code of Corporate Governance enshrined in the Listing Agreement.

II. Board of Directors:

(a) Composition and Category:

The Board of Directors of the Company consists of eminent persons with considerable expertise and experience in business and industry, finance, management etc.

The strength of Board of Directors as on 31st March, 2014 is three, the composition of which is as stated below:

1. One Non Executive and Promoter and Chairman
2. One Non Executive and Promoter
3. One Non Executive and Independent Directors

Board has appointed two more Independent Directors w.e.f. 11th August, 2014 to comply with the Companies Act 2013 & also to comply with the Listing Agreement of Stock Exchange. As on date the Board consist five directors. One is Woman Director. Three are independent Directors. All the members of the Board are Non - Executive Directors.

Independent Directors do not have any pecuniary relationship or transactions with the Company, its promoters, its management or its subsidiaries, which in the judgment of the Board, may affect the independence of the judgment of the Director.

None of the Directors on the Board is a member of more than ten committees and Chairman of more than five committees across all Companies in which they are Directors.

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The composition of the Board of Directors and also the number of other Directorships are as under:

Name of the Director	Category of Directorship	Number of Outside Directorships*	No. of Committees in which	
			Chairman / Member**	Chairman
Mr. Pratap Singh Bohra	Promoter, Non Executive Director	Nil	Nil	Nil
Mr. Kamal Singh Baid	Non Executive Independent Director	1 (One)	Nil	Nil
Mr. Tarun Pratap Bohra	Promoter, Non Executive Director	Nil	Nil	Nil

* Outside Directorships includes Directorships in Public Limited Companies, but does not include Private Limited Companies and Section 25 Companies.

** Only memberships of Audit Committee, Shareholders Grievance Committee are considered.

(b) Board Procedure:

The Board meets at least once in a quarter to review the quarterly performance and financial results. The information as specified in Annexure I to the existing Clause 41 of the Listing Agreement is regularly made available to the Board wherever applicable. To enable the Board to discharge its responsibilities effectively, the members of the Board are briefed at every Board Meeting, on the overall performance of the Company.

(c) Attendance of each Director at the Board Meeting and the last Annual General Meeting:

The Company is normally convening at least one meeting in every three months and maximum time gap between any two meetings was not more than four months. During the financial year ended 31st March 2014, 5 (Five) Board Meetings were held on 15/04/2013, 13/06/2013, 12/08/2013, 11/11/2013, and 8/01/2014.

Name of the Director	No. of Board Meetings attended	Attendance at last AGM held on 30th September 2013
Mr. Pratap Singh Bohra	5	Yes
Mr. Kamal Singh Baid	5	Yes
Mr. Tarun Pratap Bohra	1	No

MANAGEMENT COMMITTEE

The Management Committee of the Board consists of 2 Directors, including the Chairman. This committee has been delegated financial powers and approves loan proposals and expenditure proposal within the Board parameters of the delegated authority. During the Financial year ended 31st March 2014, **5 (Five) Management Committee meetings were held on 15/04/2013, 13/06/2013, 12/08/2013, 11/11/2013, and 8/01/2014.**

The attendance of Management Committee meeting is as under:

Names of Members	No. of meetings attended
Mr. Pratap Singh Bohra	5
Mr. Kamal Singh Baid	5

Chairman of the Management Committee was present at the last Annual General Meeting.

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III. Audit Committee

(a) Broad Terms of Reference

The Audit Committee of the Board of Directors of the Company comprises of Mr. Kamal Singh Baid, Chairman and Mr. Pratap Singh Bohra, Member. The Audit Committee, inter alia, provides an assurance to the Board on the adequacy of internal control systems and financial disclosures. The scope of activities of the Audit Committee is in accordance with paragraphs C and D of Clause 49(II) of the Listing Agreement. The broad terms of reference include:

- A) Overseeing the Company's financial reporting process and ensuring correct, adequate and credible disclosure of financial information;
- B) Recommending re-appointment of Statutory Auditors and fixing of their fees;
- C) Reviewing with the Management, the annual financial statement with special emphasis on accounting policies, compliance with accounting standards and other legal requirements concerning financial statements;
- D) Reviewing the adequacy of the Audit and compliance functions including their policies, procedures, techniques and other requirements;
- E) In addition to aforesaid, the Audit Committee to have special focus on;
 - Unreconciled long outstanding entries
 - Arrears in balancing of books
 - All other areas of house keeping
- F) To review compliance with internal control systems;
- G) To review the quarterly, half-yearly, annual financial results of the Company before submission to the Board;

(b) Composition:

The Audit Committee comprises of two directors. The composition of the Audit Committee is as follows:

Names of Members	Category
Mr. Pratap Singh Bohra	Chairman, Non Executive, Promoter
Mr. Kamal Singh Baid	Independent, Non Executive

(c) Meetings and Attendance:

During the Financial year ended 31st March 2014, 4 (four) audit committee meetings were held on 15/04/2013, 12/08/2013, 11/11/2013, and 8/01/2014.

The attendance of Audit Committee meeting is as under:

Names of Members	No. of meetings attended
Mr. Pratap Singh Bohra	4
Mr. Kamal Singh Baid	4

Chairman of the Audit Committee was present at the last Annual General Meeting.

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IV. Remuneration Committee:

The Company does not have a remuneration committee. No remuneration and sitting fees are paid to Directors for attending the Board Meeting.

V. Shareholders/ Investor Relation Committee:

The Company constituted the Share Transfer and Shareholders Grievance Committee. The Committee comprises of Mr. Pratap Singh Bohra and Mr. Kamal Singh Baid. Mr. Pratap Singh Bohra is the Chairman of the Share Transfer and Shareholders Grievance Committee. The Committee normally meets as and when required. The committee looks into redressal of shareholders complaints like transfer of shares, non receipt of Balance Sheet, non receipt of declared dividend, etc. The committee also deals with various matters like transfer of shares, issue of duplicate share certificates etc.

Details of Shareholders Complaints:

During the period under review, no grievance is received from any shareholder. There were no outstanding complaints as on 31st March 2014. Shareholders' complaint and other correspondence are normally attended within seven working days except where constrained by disputes or legal impediments.

Compliance Officer:

Mr. Pratap Singh Bohra, Chairman, is the Compliance Officer of the Company.

VI. Subsidiary Companies:

The Company does not have any subsidiary company.

VII. General Body Meetings:

a) The details of Annual General Meetings held in last three years are as under:

SR.NO.	DATE	TIME	VENUE
1	23.09.2013	10.00 A.M.	310 Gokul Arcade-B, Subhash Road, Vile Parle (East), Mumbai - 400 057
2	28.09.2012	10.00 A.M.	310 Gokul Arcade-B, Subhash Road, Vile Parle (East), Mumbai - 400 057
3	30.09.2011	10.00 A.M.	310 Gokul Arcade-B, Subhash Road, Vile Parle (East), Mumbai - 400 057

b) Details of Special resolution passed at any of the three Annual General Meetings:-

No special resolution passed in any of the previous three Annual General Meetings.

c) Postal Ballot / Special Resolutions:

No special resolutions were put through Postal Ballot in last year.

VIII. Disclosures:

There are no materially significant related party transactions other than inter corporate loans made by the company with its promoters, the Directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large.

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The Company has entered in to transactions with concerns in which some of the Directors are deemed to be concerned/ interested. However, these transactions were entered in the ordinary course of the Company's business.

Directors have regularly made full disclosures to the Board of Directors regarding the nature of their interest in such concerns.

Full particulars of the contract entered with such concerns in which Directors are directly or indirectly concerned or interested are recorded in the Register of Contracts maintained under Section 301 of the Companies Act, 1956 and the same is placed in every Meeting of Board of Directors, for the noting and approval.

Disclosures on transactions with related parties as required under Accounting Standard 18 have been incorporated in the Schedule to the Financial Statements.

The Company does not have a formal whistle blower policy. However, the Company follows as an open door policy wherein all the employees are free to express their feedback / suggestions / complaints.

There are no instances of non-compliance by the Company nor any penalties or strictures been imposed by the Stock Exchanges and SEBI on any matter related to capital markets during the last three years.

The Company has adopted Code of Conduct ('Code') for the Members of the Board as required under Clause 49 of the Listing Agreement and all the Board members have affirmed compliance of the Code of Conduct. The Annual Report of the Company contains a declaration to this effect signed by a Director of the Company.

Necessary Disclosures pertaining to Directors is reflected in the said report at some other place.

The Company has followed the Accounting Standards issued by the Institute of Chartered Accountants of India, to the extent applicable, in preparation of the financial statements.

The Company has laid down procedure to inform the Board about the risk assessment and minimization procedures.

IX. Means of Communication:

1. The Board of Directors of the Company approves and takes on record quarterly, yearly financial results in the proforma prescribed in Clause 41 of the Listing Agreement.
2. Management Discussion and Analysis (MDA) forms part of the Annual Report, which is posted to the shareholders of the Company.
3. Annual Report containing, inter alia, Audited Annual Accounts, Directors' Report, Auditors' Report and other important information is circulated to members and others entitled thereto. The Management Discussion and Analysis (MDA) Report forms part of the Annual Report.

X. General Shareholder Information:

- a) Registered Office: 310, Gokul Arcade-B
Subhash Road,
Vile Parle (East),
Mumbai - 400 057

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b) Annual General Meeting :

- Financial Year : 1st April, 2013 to 31st March 2014
- Day, Date & Time : Tuesday, 30th September, 2014 at 10.00 a.m.
- Venue : 310, Gokul Arcade-B, Subhash Road, Vile Parle (East), Mumbai - 400 057
- Date of Book Closure : 23rd September, 2014 to 30th September, 2014 (both days inclusive)

c) Reporting of Unaudited / Audited Financial Results

- i. First Quarter Results :- by 11th August, 2014
- ii. Second Quarter Results with Half Yearly Results :- by 15th November, 2014
- iii. Third Quarter Results :- by 15th February, 2015
- iv. Audited Results for the year ended 31st March 2015 :- by May, 2015

d) Dividend payment date: Not applicable

e) Listing on Stock Exchanges:

The equity shares of the Company are listed on the Delhi Stock Exchange. The annual listing fees as prescribed have been paid to the Stock Exchange for the year 2014-2015.

f) Stock Code:

Stock Exchange File No.: 4941 (DSE)

g) Stock Market Data:

During the last year, the equity shares of the Company were not traded at Delhi Stock Exchange.

h) Registrar and Share Transfer Agents:

The Company had done the share transfer job in house at its Registered Office. In order to compliance with clause 47 (C) of the Listing Agreement & make securities in depository mode, Company has appointed M/s System Support Services as Registrar & Transfer Agent (RTA).

i) Share Transfer System:

Presently the share transfers, which are received in physical form, are processed and the share certificates returned within a period of 30 days from the date of receipt, subject to documents being valid and complete in all respects. The Company has yet to offer the facility of transfer cum demats.

j) Shareholding Pattern as on 31st March, 2014:

Sr. No.	Category	No. Of Shares held	% of Share Capital
1.	Promoters	13,29,500	66.475
2	Public Financial Institutions, Banks & Insurance Companies	-----	-----
3	Corporate Bodies - Domestic	57,700	2.89
4	NRIs/FIIs/OCBs	-----	-----
5	Indian Public & Others	6,12,800	30.64
Total		20,00,000	100.00

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k) Nomination:

Individual shareholders holding shares singly or jointly in physical form can nominate a person in whose name the shares shall be transferable in case of death of the registered shareholders(s). Nomination facility in respect of shares held in electronic form is also available with the Depository Participants as per bye laws and business rules applicable to NSDL and CDSL.

l) Address For Correspondence:

Members holding shares in physical form are requested to lodge their application for share transfer, transmission and request for changes, if any, in their addresses, bank account and mandate etc. and for their query on Annual Report, all the members should write to the Company at 310, Gokul Arcade-B, Subhash Road, Vile Parle (East), Mumbai - 400 057, Phone No. 022 – 65726780.

XI. COMPLIANCE:

This section of the Report together with the information given under the Management Discussion and Analysis and brief Profile of Directors seeking re-appointment, constitute a detailed Compliance Report on Corporate Governance.

The Company has complied with the mandatory requirements of Corporate Governance.

XII. COMPLIANCE CERTIFICATE OF THE PRACTICING COMPANY SECRETARY

A certificate from M/s. A.Y. Sathe & Co., Practising Company Secretaries, that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement is annexed to the Directors' Report.

XIII. CERTIFICATE BY DIRECTOR

Mr. Pratap Singh Bohra, Director issued a certificate to the Board of Directors as prescribed under sub-Clause V of Clause 49 of the Listing Agreement. The said certificate was placed before the Board meeting were considered and approved.

**On Behalf of the Board
For Gaurav Mercantiles Ltd.**

**Pratap Singh Bohra
Chairman**

Place: Mumbai

Date: 11th August, 2014

ADDRESS FOR CORRESPONDENCE

Gaurav Mercantiles Ltd.,
310 Gokul Arcade-B, Subhash Road
Vile Parle (East), Mumbai 400 057
Phone No. 022 – 65726780