

REPORT ON CORPORATE GOVERNANCE

1. Company's philosophy on Corporate Governance

The Company believes that Corporate Governance is the set of processes, customs, policies, rules, regulations and laws, by which companies are directed, controlled and administered by the management in the best interest of the stakeholders. It ensures fairness, transparency, accountability and integrity of the management. It is a way of life rather than a mere legal compulsion. The premise of Corporate Governance framework in SVARAJ TRADING & AGENCIES LIMITED is based on the following key drivers:

- Adherence to ethical standards for effective management and distribution of wealth and discharge of social responsibility for sustainable development of all stakeholders including customers, employees and society at large.
- A good system of internal control to mitigate the risks.
- Compliance of law, rules & regulations in true letter and spirit.
- Independent verification of the Company's financial reporting.
- Strategic supervision by the Board of Directors of appropriate composition, size, varied experience and commitment to discharge their responsibilities.
- Timely and balanced disclosure of all material information to all the stakeholders.
- Clearly defined standards against which performance of responsibilities can be measured.
- A clear delineation of shareholders' rights.
- Accuracy and transparency in disclosures regarding operations, performance, risk and financial position.

Based on the aforesaid objectives and in compliance with the disclosure requirements of Clause 49 of the Listing Agreement executed with the stock exchanges as well as the Guidelines on Corporate Governance for Public Sector Enterprises, the detailed report on Corporate Governance is as follows.

2. Size and Composition of the Board

The Board of Directors has an adequate combination of Executive (Functional) and Non-Executive Directors. As on the date of AGM, the Board has 6 Directors, comprising of Two Executive Directors, One Non Executive and Three Non Executive Independent Directors.

All the Directors on the Board are thorough professionals having specialization in their own respective fields. The composition of the Board is in conformity with the Clause 49 of the Listing Agreement.

The Board of Directors and its Committees meet at regular intervals. The following functions come under the purview of the Board of Directors and its committees:-

- ✓ Review of financial plans and budgets
- ✓ Formulating Strategic Business Plans
- ✓ Monitoring High End Projects
- ✓ Keeping Shareholders Informed regarding plans , strategies and performance

Eight (8) Board meetings were held during the year under review on 30th May 2013, 11th June 2013, 25th July 2013, 13th Aug 2013, 2nd Sept 201, 14th Nov, 2013, 30th Jan 2014 and 29th Mar 2014.

The particulars regarding composition of the Board of Directors and its Meetings held during the year are given hereunder: -

SVARAJ TRADING & AGENCIES LIMITED

Name of the director	Category	Directorships in other public companies		Committee Membership held in Other public companies		No. of Board Meetings during the year		Attended Last AGM
		Director	Chairman	Member	Chairman	Held	Attended	
Mr. Harendra Gupta	Executive	NIL	NIL	NIL	NIL	8	8	YES
Mr. Shankardas Vairagi	Non Independent /Executive	NIL	NIL	NIL	NIL	8	8	YES
Mrs. Rekha Soni	Non Independent /Non Executive	NIL	NIL	NIL	NIL	8	8	YES
Mr. Rajeev Sharma	Non Executive/ Independent	1	NIL	1	1	8	7	YES
Mr. Heera Lal Chipa	Non Executive/ Independent	1	NIL	NIL	NIL	8	3	YES
Mr. Chatur Bhuj Chauhan	Non Executive/ Independent	1	NIL	NIL	NIL	8	3	YES
Mr. Kamlakar Sutar (resigned w.e.f. 27.09.13)	Executive	NIL	NIL	NIL	NIL	8	5	YES

In terms of the provisions of the Articles of Association of the company, one-third directors of the company retire at every annual general meeting. Accordingly, Mr. Shankar Das Vairagi & Mrs. Rekha Soni would retire by rotation at the ensuing Annual General Meeting and being eligible offers themselves for re-appointment.

3. Board Committees

The Company has the following committees on Board duly constituted viz. Shareholders/Investors Grievance Committee, Audit Committee and Remuneration Committee in accordance with provisions of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement.

(A) Audit Committee: The Audit Committee as constituted on 14th Nov 2013 comprises of Mr. Rajeev Sharma as its Chairman, Mr. Heera Lal Chipa & Mr. Chatur Bhuj Chauhan, as its Members.

The role of the Audit Committee includes the following:

- i. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- ii. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees of the Statutory Auditors.
- iii. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- iv. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of Section 217 of the Companies Act, 1956
 - Changes, if any, in accounting policies and practices and reasons for the same

SVARAJ TRADING & AGENCIES LIMITED

- Significant adjustments made in the financial statements arising out of audit findings
 - Compliance with listing and other legal requirements relating to financial statements
 - Disclosure of any related party transactions
 - Qualifications in the draft audit report
- v. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
 - vi. To appoint whenever deemed expedient, an independent internal auditor to carry out continuous audit of the accounts and systems of the company, and also consider and/ or review the appointment and removal of auditors of the company.
 - vii. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems..
 - viii. Discussion with internal auditors any significant findings and follow up there on.
 - ix. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
 - x. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
 - xi. The Audit Committee should have discussions with the auditors periodically about internal control systems, the scope of audit including the observations of the auditors and review the half-yearly and annual financial statements before submission to the Board and also ensure compliance of internal control systems.
 - xii. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
 - xiii. The Audit Committee shall review the financial statements, in particular, the investments made by the unlisted subsidiary company
 - xiv. The audit committee shall lay down, review and revise the accounting policies of the company.
 - xv. The audit committee shall review the financial operations and performance of the company
 - xvi. The audit committee shall review the Quarterly, half-yearly and annual financial accounts and other financial reports and statements, before placement thereof before the Board of Directors
 - xvii. The audit committee shall consider and constitute sub-committees, wherever necessary for carrying out and/or monitoring the financial operations of the company.
 - xviii. The audit committee shall give report and/or recommendations to the Board on the matters concerning financial operations of the company.
 - xix. The audit committee shall invite and summon any executive of the company and/or appoint experts, wherever necessary, and discuss with them the matters relating to the finance, audit and internal control system etc.
 - xx. The audit committee shall obtain legal and professional advise wherever found necessary and expedient.
 - xxi. The audit committee shall consider and act on any matters as or included under Clause 49 of the Listing Agreement and/or as may be so included from time to time, whether provided here in above or not.
 - xxii. The audit committee shall deal with any other matters related and or incidental to the above or as may be assigned, in addition to the aforesaid, by the Board from time to time.

During the year under review four Audit Committee Meetings were held 2 times and the same were attended by all the committee members.

(B) Shareholders / Investors Grievance Committee: The Shareholders'/Investors' Grievances Committee specifically looks into redressing of Shareholders' and Investors' complaints/ grievances pertaining to transfer/transmission of shares, non-receipt of annual reports, dividend payments, issue of

SVARAJ TRADING & AGENCIES LIMITED

duplicate share certificates and other miscellaneous complaints. The Committee oversees and reviews performance of the Registrar and Transfer Agent and recommends measures for overall improvement in the quality of investor services.

(i) The Shareholders / Investors Grievance Committee comprises of following members was constituted on 14th Nov 2013

- A. Mr. Heera Lal Chipa (Chairman)
- B. Mr. Shankar Das Vairagi (Member) and
- C. Mr. Harendra Gupta (Member)

The Shareholders committee has been empowered, inter-alia, to carry out the following functions: -

1. To consider and approve the transfer, transmission and issue of fresh/duplicate share certificates.
2. To review the status of dematerialization of company's shares and matters incidental thereto.
3. To monitor the matters of litigation related to shareholders and take decisions relating thereto.
4. To consider, review and monitor the matters related to the shareholders grievances.
5. To consider and finalize the Report on Corporate Governance to be annexed with the Annual Report of the company.
6. To deal with any other matters related and/or incidental to the shareholders.

During the year under review (3) Three Shareholder Committee Meetings were held and attended by all the members of the Committee

(C) Remuneration Committee: The Board of Directors is in process of constituting a Remuneration Committee inter alia to consider, determine and approve and recommend to the Board of Directors the appointment and remuneration payable to Non-Executive directors

No remuneration was paid & no Committee meeting was held during the year under review.

Remuneration Policy:

Though there is no written Remuneration Policy, the Committee recommends to the Board, remuneration package of the Non-Executive Director/s, on the Board of the Company, keeping in view the relevant provisions of the Companies Act, 1956 & 2013, performance, experience and market conditions, employment scenario, and remuneration packages of managerial talents of comparable industries. It is ensured that the remuneration package is appropriate with the responsibilities involved which helps retain the talent.

4. General Body Meetings

Details of Annual General Meetings:

(i) Location and time where the last 3 AGM's were held

Year	Type	Location	Date	Time
2012-13	AGM	Office No. 30, 380/82 Amruteshwar Co- operative Housing Soc. Ltd., 2nd floor, Jagannath Sunkersett Road, ,Mumbai, Maharashtra 400002	27 th Sept 2013	2.00 PM

SVARAJ TRADING & AGENCIES LIMITED

2011-12	AGM	Dr. E Moses Road, Worli, Mumbai-18	15 th Sept 2012	1.00 PM
2010-11	AGM	Dr. E Moses Road, Worli, Mumbai-18	30 th Sept 2011	2.30 PM

(ii) List of Special Resolutions passed in General Body Meetings in the Last 3 Consecutive Financial Years

S. No.	Subject Matter	AGM/EGM Reference and Date of passing
1.	EGM for increase in Authorised Capital & Preferential issue of equity shares	24 th May 2013

(iii) Whether Special Resolutions were put through postal ballot last year **No**

(iv) Are polls proposed to be conducted through postal ballot this year **No**

5. DISCLOSURES

I. There have been no materially significant related party transactions, pecuniary transactions or relationships other than those disclosed in the financial statements for the year ended 31st March 2014. Accordingly, the same have not been reproduced here.

II. The penalty of Rs. 10, 00,000 (Rupees Ten Lacs only) has been imposed by Securities Exchange Board of India (SEBI) under Section 15 A(b) of SEBI Act for the violation of regulation 8(3) of SAST Regulations, 1997 read with Regulation 35 of SAST Regulations, 2011 in the previous year.

III. The Company has adopted a code of conduct applicable to all Directors and senior management personnel of the Company and the same is posted on the website of the Company www.svarajtrading.com For the year under review, all directors and senior management personnel have confirmed that they shall adhere to the provisions of said code.

The Annual Report also contains a declaration that the Code of Conduct has been complied with by the Board Members and the Senior Management.

IV. The company has no subsidiary.

V. The Director (CFO) of the Company has, as required under clause 49 of the Listing Agreement, given the certificate on the review of financial statements, including Cash Flow, for the year ended 31st March, 2014 to the Board of Directors.

VI. Risk Assessment and Minimization procedures are in existence and are reviewed periodically.

VII. Whistle Blower policy a Non – Mandatory requirement has not been reviewed by the Company.

VIII. All the mandatory requirements under Clause 49 (relating to Corporate Governance norms) of the Listing Agreement are being adhered to / complied with. The Non Mandatory requirement relating to Remuneration Committee has not been adopted by the Company.

SVARAJ TRADING & AGENCIES LIMITED

6. MEANS OF COMMUNICATION

- *Quarterly/ Annual Results:* The Company regularly intimates un-audited as well as audited financial results to the Stock Exchanges, immediately after these are approved. These financial results are normally published in the newspaper as required under Clause 49 of the Listing Agreement. The results are also displayed on the website of the Company www.svarajtrading.com
- *News Release, Presentation etc.:* The financial results are published in two newspaper Navshakti (Marathi), & Free Press Journal (English). The official news releases, detailed presentations as and when made to media, institutional investors, financial analysts etc. are displayed on the Company's website www.svarajtrading.com
- *Website:* The Company's website www.svarajtrading.com contains separate dedicated section 'Investor Relations' where the shareholders information is available. Full Annual Report, Shareholding Pattern and Corporate Governance Report etc. are also available on the web-site in a user-friendly manner.
- *Annual Report:* Annual Report containing inter-alia, Audited Accounts, Directors' Report, Management Discussion and Analysis (MD&A) Report, Auditors' Report, Corporate Governance Report including Information for the Shareholders and other important information is circulated to the members and others entitled thereto.

7. GENERAL SHAREHOLDER INFORMATION

I. Ensuing Annual General Meeting Date, time and venue:

Location: Acme Plaza Bldg. No. 2, Fifth Floor, Andheri Kurla Road, Andheri (East) Mumbai –400059
Date : 26th September 2014
Time : 12.30 PM

II. Financial Year: 31st March 2014

III. Date of Book Closure: September 20, 2014 to September 26, 2014

IV. Dividend Payment Date: No dividend declared

V. Listing on Stock Exchanges: The Company's equity shares are listed at Bombay Stock Exchange Limited, Mumbai (BSE)

VI. Stock Code: The Company's scrip code at BSE is 503624

VII. Market Price Data:

Monthly High and Low quotations along with the volume of shares traded at Bombay Stock Exchange Ltd., during the Financial Year 2013 – 2014

SVARAJ TRADING & AGENCIES LIMITED

Month & Year	High	Low	Volume (No. of trades)
Sept 2013	7.42	7.14	3
Oct 2013	7.71	7.56	2
Nov 2013	8.17	7.86	3
Dec 2013	12.73	8.33	23
Jan 2014	18.07	12.98	18
Feb 2014	26.25	18.4	25
Mar 2014	7.42	7.14	3

VIII. Registrar of Transfer Agents:

M/s. System Support Services,
 209, Shivalik Industrial Estate, 89,
 Andheri Kurla Road,
 Near SITEL, Saki Naka, Andheri (E),
 Mumbai – 400072
 Email: sysss72@yahoo.com

IX. Share Transfer System

The transactions of the shares held in Demat and Physical form are handled by the Company's Depository Registrar, **M/s. System Support Services.**

Particulars	2013-14	2012-13
Shares Transferred	900	52020
Total No. of shares as on 31 st Mar	14750000	100000
% on share Capital	0.0061%	52.02%

X. The status of Investor's Grievance Redressal from 1.04.2013 to 31.03.2014 is as under:

Nature of Grievance	Received	Cleared
Relating to Dividend	NIL	NIL
Relating to transfer, transmission, exchange etc.	NIL	NIL
Non Receipt of Annual Report	NIL	NIL

XI. The distribution of shareholdings of the company is as under:

No. of Shares	No. of Shareholders	% to total no. of Shareholders	Share Amount (In Rs.)	% to total share capital	No. of Shareholders	% to total no. of Shareholders	Share Amount (In Rs.)	% to total share capital
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SVARAJ TRADING & AGENCIES LIMITED

	As on 31 st Mar 2014				As on 31 st Mar 2013			
Upto 1000	35	39.32	138550	0.094	18	78.261	155000	15.50
1001-2000	1	1.124	16450	0.011	0	0.00	0	0.00
2001-3000	0	0	0	0.00	0	0.00	0	0.00
3001-4000	0	0	0	0.00	0	0.00	0	0.00
4001-5000	0	0	0	0.00	0	0.00	0	0.00
5001-10000	0	0	0	0.00	1	4.348	81000	8.10
10001-20000	3	3.371	397400	0.269	3	13.043	397400	39.74
20001-30000	9	10.112	2250000	1.525	0	0.00	0	0.00
30001-40000	1	1.124	366600	0.249	1	4.348	366600	36.66
40001-50000	8	8.989	4000000	2.712	0	0.00	0	0.00
50001-100000	7	7.865	7000000	4.746	0	0.00	0	0.00
100000 & Above	25	28.090	133331000	90.394	0	0.00	0	0.00
TOTAL	89	100.00	147500000	100.0	23	100.00	1000000	100.0

Shareholding Pattern as on March 31, 2014

Category of Shareholders	Mode of Holding Shares		Total Shareholding	
	Physical	Demat	Number	%
Promoters	-	1161100	1161100	7.87
Bodies Corporate		2025003	2025003	13.73
Financial Institution/Banks	-	-	-	-
Mutual Funds	-	-	-	-
Foreign Institutional Investors	-	-	-	-
NRIs	-	-	-	-
Individual	2500	12997	15497	0.11
Others	-	11548400	11548400	78.29
TOTAL	2500	14747500	14750000	100.00

XII. Dematerialization of Share and Liquidity

The company has admitted its shares for dematerialization with National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) vide ISIN INE406N01014

Table below lists the number of equity shares of the Company held in dematerialized mode through National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as on March 31, 2014.

SVARAJ TRADING & AGENCIES LIMITED

Shares in Dematerialized mode as on March 31, 2014

NSDL		CDSL		TOTAL	
No. of shares	% of capital	No. of shares	% of capital	No. of shares	% of capital
5929007	40.20%	8818493	59.79%	14747500	99.89%

XIII. The Company has no outstanding GDRs/ ADRs/ Warrants or any other instruments convertible into equity.

XIV. Plant Location: The Company is in the business of trading & investment in securities; it does not have any manufacturing plants.

XV. Address for Correspondence

Office No. 30, 380/82
Amruteshwar Co- operative Housing Soc. Ltd.,
2nd floor, Jagannath Sunkersett Road,,
Mumbai, Maharashtra 400002
Email id: info@svarajtrading.com

XVI. Secretarial Audit for reconciliation of share capital:

As stipulated by SEBI, a qualified Practicing Company secretary carries out the secretarial audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSIL) and the total issued and paid-up capital. This audit is carried out every quarter and the report there on is submitted to the stock exchanges and is placed before the board of directors of the Company. The audit, inter alia, confirms that the listed and paid up capital of the company is in agreement with the aggregate of the total number of shares in dematerialized form held with NSDL and CDSIL and the total number of shares in physical form.

XVII. Corporate Identity Number (CIN):

Corporate Identity Number (CIN) of the company, allotted by the Ministry of Corporate Affairs, Government of India is **L51100MH1980PLC022315**

8. CEO AND CFO CERTIFICATION

The certificate required under Clause 49 (IV) of the Listing Agreement, duly signed by the Director & Chief Financial Officer, was placed before the Board of Directors, which has been duly taken on record.

SVARAJ TRADING & AGENCIES LIMITED

CEO/CFO Certificate

I, Harendra Gupta, Director (As Chief Financial Officer) of the Company certify that

1. I have reviewed the financial statements & cash flow statement for the year ended March 31, 2014 and to best of my knowledge and belief:
 - a. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - b. These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. To the best of my knowledge and belief, no transactions entered in to by the company during the year ended March 31, 2014 are fraudulent, illegal or violating of the company's code of conduct and that all the members of the Board of Directors; and Senior Management of the Company have affirmed compliance with the Code of Conduct.
3. I accept the responsibility for establishing and maintaining internal controls for financial reporting and I have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. Deficiencies in the design or operation of such internal controls, if any, of which I am aware, have been disclosed to the auditors and the Audit Committee and the steps have been taken to rectify these deficiencies.
4. There not have been any significant changes in internal control over financial reporting during the year under reference;
5. There has not been any significant change in accounting policies during the year.

I am not aware of any instances during the year of significant fraud with involvement therein of the management or any employee having a significant role in Company's internal control system over financial reporting.

For Svaraj Trading & Agencies Limited

**Sd/-
Harendra Gupta**

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of
Svaraj Trading & Agencies Limited
Mumbai

We have examined the compliance of conditions of Corporate Governance by SVARAJ TRADING & AGENCIES LIMITED for the year ended on 31st March 2014, as stipulated in Clause 49 of the Listing Agreement of the Company with the Stock Exchanges.

In our opinion and to the best of our information and according to the explanations given to us, and based on the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For S.G. Kabra & Co.
Chartered Accountants
(F.R.N. 104507W)
Sd/-
(Malvika P. Mitra)
Partner
Membership No. 44105**