



ARAVALI SECURITIES & FINANCE LIMITED

Regd. Office : Sirpur House, Plot No. 39, Sector-44, Gurgaon, Haryana-122003.



NOTICE

Notice is hereby given that the 32nd Annual General Meeting of the members of M/s Aravali Securities & Finance Limited will be held on Saturday, the 29th day of September, 2012, at 11.00 a.m. at Plot No. 321, Udyog Vihar, Phase - VI, Sector 37, Gurgaon, Haryana-122001 to transact the following business.

ORDINARY BUSINESS

1. To receive, consider, approve and adopt the audited Balance Sheet as at 31st March, 2012, and the Profit and Loss account for the year ended on that date together with the Auditors' and Directors' Reports thereon.
2. To appoint auditors of the company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.
3. To re-appoint Mr. Devashish Poddar as director of the Company.
4. To re-appoint Mr. R A Kila as director of the Company

SPECIAL BUSINESS:

5. To consider and, if thought fit, to pass, with or without modification(s) the following resolution as an ordinary resolution:

RE-APPOINTMENT OF MR. RANJAN KUMAR PODDAR AS MANAGING DIRECTOR

"RESOLVED THAT Pursuant to the provisions of Section 198, 269, 309 read with Schedule XIII of the Companies Act, 1956, and other applicable provisions, if any, of the Companies Act, 1956, as amended or re-enacted from time to time the reappointment of Mr. Ranjan Kumar Poddar as Managing Director of the Company for a period of two years with effect from 7th September, 2010 without payment of any remuneration and perquisites and without any changes in the other terms and conditions of the original appointment by the members of the company, be hereby ratified.

RESOLVED FURTHER THAT consent of the members of company and is hereby accorded for re-appointment of Mr. Ranjan Kumar Poddar as managing director for a period of five years with effect from 6th September 2012 as made by the Board of Director at its meeting held on 14th August, 2012 without payment of any remuneration and perquisites and who shall not be liable to retire by rotation as director of the company till he hold such office and on the following terms and conditions:

TERMS AND CONDITIONS:

- (a) The appointment may be terminated by any party giving a three months notice.
- (b) If at any time the appointee ceases to be a director of the company, he shall cease to be the Managing Director.
- (c) The appointee shall manage the whole affairs or substantially the whole affairs of the Company subject to the superintendence, control and directions of the Board of Directors.
- (d) The appointee shall not supplement his earning under the contract with any buying or selling commission. He shall also not become interested or concerned directly or through his wife or children in any buying or selling agency of the company.
- (e) No sitting fee shall be paid to the appointee for attending the meeting of the Board of Directors or a committee thereof the company.

FURTHER RESOLVED THAT the Board of Directors of the company be and is hereby authorised to decide for payment of such remuneration in the future as the Board may deem fit but subject to the approval of the remuneration committee and the necessary provisions of the Companies Act and subsequent approval of the shareholders in their meeting."

Registered Office :
Sirpur House,
Plot No. 39, Sector-44,
Gurgaon, Haryana-122003.

By Order of the Board of Directors
For ARAVALI SECURITIES & FINANCE LIMITED

Dated : 14th August, 2012.

GAYATRI KHATRI
Company Secretary

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER. PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING. A PROXY FORM IS APPENDED WITH THE ADMISSION SLIP.
2. Corporate members are requested to send a certified copy of the Board Resolution, pursuant to Section 187 of the Companies Act, 1956, authorising their representative to attend and vote at the Annual General Meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday the 27th day of September, 2012 to Saturday the 29th day of September, 2012 (both days inclusive).
4. **Members are requested to notify immediately any change in their addresses to the Registered Office of the company situated at Sirpur House, Plot No. 39, Sector 44, Gurgaon, Haryana-122003**
5. Members/Proxies should bring the admission slip duly filled in for attending the Meeting along with their copy of the report and accounts.
6. Shareholders seeking any information with regard to accounts are requested to write to the Company at least ten days in advance so as to enable the company to keep the information ready.
7. The Company has entered into agreement with National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL), for the dematerialisation of securities. The Shareholders can have their shares dematerialised through these depositories.
(Members desiring to have their shares in dematerialised form may send their share certificates through their depository participants, to the Registrar of the Company namely M/s. Skyline Financial Services Pvt. Ltd., D-153/A, 1st Floor Okhla Industrial Area, Phase-I, New Delhi-110 020 Tel. No.26292682-83.)
8. Individual members holding shares in physical form on their own behalf singly or jointly can make nomination for their holding. The nomination form will be made available on request. The members holding shares in dematerialised form may contact their depository participants for recording of the nomination for their holding.
9. Members holding shares in the same name(s) under different folio(s) are requested to apply for consolidation of such folios by sending relevant share certificates.
10. The Ministry of Corporate Affairs (MCA) has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the Companies vide Circular dated 21st April, 2011. Accordingly, if the service of documents made through electronic mode will be deemed as sufficient compliance for the purposes section 53 of the Companies Act, 1956.

To support the Green Initiative of the Government, it is proposed to send all shareholders communications including Notices, Annual Reports and other communications through Email. For above purpose, we request you to send Email confirmation to our Registrar (RTA) mentioning your name, DP/Customer ID of Folio number and your Email ID for communication and also inform any changes in the email addresses.

EXPLANATORY STATEMENT

(Pursuant to the provisions of Section 173(2) of the companies Act, 1956)

Item No. 5

Mr. Ranjan Kumar Poddar was appointed as the Managing Director of the Company in its Annual General Meeting held on 7th September, 2005 for a period of five years. In terms of provisions of section 317 of the Companies Act, 1956 Managing Director can not to be appointed for more than five years. However, he has worked as Managing Director from 7th September 2010 without any remuneration, so it is proposed to ratify his re-appointment for a period of two years and further it is proposed to re-appoint Mr. Ranjan Kumar Poddar as Managing Director of the company for a period of five years with effect from 6th September, 2012, without any payment of remuneration, as here remuneration was nil so, no remuneration committee was constituted.

Your boards of directors recommend this resolution for your approval and ratification.

None of the Directors of the Company is in any other way concerned or interested in the above resolutions except Mr. Ranjan Kumar Poddar himself and Mr. Devashish Poddar being relative.

The above may also be treated as an abstract in terms of Section 302 of the Companies Act, 1956.

Registered Office :
Sirpur House
Plot No. 39, Sector 44,
Gurgaon, Haryana-122003

By Order of the Board of Directors
For ARAVALI SECURITIES & FINANCE LIMITED

Dated : 14th August, 2012.

GAYATRI KHATRI
Company Secretary



DIRECTORS' REPORT

TO THE MEMBERS

Your Directors take the pleasure in presenting their Report and Audited Accounts of the Company with Auditors' Report thereon for the year ended 31st March, 2012.

WORKING RESULTS

	2011-2012 (Rupees in lacs)	2010-2011 (Rupees in lacs)
Profit before interest, depreciation and taxes	110.96	7.16
Less : Interest	249.94	112.79
Profit/(Loss) before depreciation and taxes	(138.98)	(105.63)
Less : Depreciation	7.43	7.62
Profit/(Loss) before provision of tax	(146.41)	(113.25)
Add : Withdrawal for diminution in value of investments as per RBI Prudential Norms	-	0.04
Profit/(Loss) before Taxation	(146.41)	(113.21)
Less : Provision for Tax		
Current Tax	0.00	0.00
Deferred Tax	(1.76)	(0.23)
Profit/(Loss) after Taxation	(144.65)	(112.98)
Add: Balance brought forward from previous year	99.67	212.83
	(44.98)	99.85
Less: Income Tax in respect of earlier years	0.06	0.18
BALANCE CARRIED TO BALANCE SHEET	(45.04)	99.67

DIVIDEND

Your directors are not recommending any payment on account of dividend.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW :

Your Company has an operational loss of Rs. 146.41 lacs after depreciation and interest. No withdrawal has been affected from the previous provisions made on account of diminution in value of investments. Further a provision for income tax in respect of earlier years and deferred tax of Rs.0.06 lacs and Rs. (1.76) lacs respectively has been made in the accounts. The loss of Rs. 146.41 lacs after adjusting from brought forward profit of Rs. 99.67 lacs has been carried to the Balance Sheet.

RESOURCES AND LIQUIDITY :

The company, as in the past, is not relying on any borrowing except unsecured loans to fund its activities.

INDUSTRY STRUCTURE AND DEVELOPMENTS :

The Non Banking Financial Companies (NBFC) sector has not been successful in India. The NBFC sector is doing much better all over the world except Asia as the general perception about NBFC in the mind of public is not very good. This has happened due to the reason that NBFC sector was not well regulated in the past and few people took undue advantage of the general public by not returning their principal amount given to NBFC`s by way of fixed deposit or as an investment in their shares. Except one or two NBFC`s no other company is working well. This has created a very discouraging situation for the remaining NBFC who have no option except to diversify from its business of financing. Entrance of banks in consumer durable financing as well as in housing finance has brought forth a huge competition and has also added to worst scenario for the NBFC`s. This has virtually put a stop on private financing and most of the Non-banking Finance Companies are out of this business.

BUSINESS REVIEW :

Your company being classified as an investment company is doing long term and short term investments. No further opportunity has come to diversify the business of the company as business of financing is no more lucrative. However your board is in constant look out for the new business avenues which can be taken with the existing business.

OPPORTUNITIES :

Due to recession all over the world, the Indian economy, though not affected substantially, has suffered and the opportunities have become limited in all sphere of businesses. The financial market has suffered a lot and the business for NBFC`s have further reduced. This did not discourage the board of directors of your company who are constantly looking for an opportunity to expand the business of the company.

CHALLENGES :

Your company being in the financial services sector is facing a very stiff competition from public sector as well as private sector banks and financial institutions. It is trying to cope up with the same but is finding it difficult to match up with them in expertise as well as finances available. However, the company is trying its level best to achieve the same level of competence to meet the challenges thrown in this sector.

OUTLOOK :

Your company is still in the process of consolidation and has not decided to enter into new field. It is exploring various business opportunities but nothing concrete has been derived. Barring unforeseen circumstances your directors hope to find some concrete business opportunity to expand the business of the company.

RISK AND CONCERNS :

Your company at present is exposed to the normal industry risk factor of volatility in interest rate, economic cycle and credit risk. It has not yet decided its future course of activities. The impact of new activity, as and when decided, will be known in the future.

ADEQUACY OF INTERNAL CONTROL :

The established Internal Control Systems of your company are adequate to ensure that all the activities are monitored and controlled against any misuse or misappropriation of asset and that the transactions are authorised, recorded and reported



correctly. More so, these internal control systems are regularly monitored by the audit committee of your company and are improved upon on regular basis.

HUMAN RESOURCE DEVELOPMENT:

The team of experienced industry professionals depart regular training to the employees of the company.

FIXED DEPOSITS :

Your company does not accept fixed deposits from public and to this effect an undertaking is given to the Reserve Bank of India.

DIRECTORS :

Mr. Devashish Poddar and Mr. R. A. Kila, directors of the company, retire by rotation under article 133 of the Articles of Association of the company at the ensuing annual general meeting and are eligible for re-appointment. Your directors recommend their re-appointment by the shareholders.

Further Mr. Ranjan Kumar Poddar re-appointed as managing director of the company for a period of five years with effect from 6th September 2012 in its board meeting held on 14th August 2012 subject to approval of the members of the company. Your directors recommend his appointment by the members of the company.

DIRECTORS' RESPONSIBILITY STATEMENT :

Pursuant to the requirement under section 217 (2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed:

- a) That in the preparation of the annual accounts, the applicable accounting standards have been followed and that no material departures have been made from the same;
- b) That they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the loss of the company for the year ended on that date;
- c) That they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safe guarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d) That they have prepared the annual accounts on a going concern basis.

AUDITORS AND AUDITORS' REPORT:

M/s. Salarpuria & Partners, Chartered Accountants, as Statutory Auditors of the company, hold office until the conclusion of the ensuing Annual General Meeting and are recommended for reappointment. Your Company has received a certificate from M/s. Salarpuria & Partners, Chartered Accountants, to the effect that the appointment, if made, would be within the prescribed limits u/s 224 (1-B) of the Companies Act, 1956. The shareholders will be required to appoint them for the current year and to fix their remuneration.

Auditors in the Annexure to their report have drawn attention to the Point No. 2(c) stating that certain shares are not registered in the name of the Company. The same are on account of bad delivery, for which efforts are being made to sort out the same.

PERSONNEL :

The company had no employee during the year ended 31st March, 2012, who was in receipt of remuneration of Rs.60.00 lacs or more per annum, if employed for whole of the year or Rs.5.0 lacs or more per month, if employed for part of the year.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO :

The Company being engaged in the financial services and trading, does not have any energy utilization or technology absorption. The Company during the year under consideration has not earned or spent any foreign exchange.

CORPORATE GOVERNANCE :

Your company has taken adequate steps to ensure that all mandatory provisions of 'Corporate Governance' as provided in the listing agreement of the Stock Exchanges with which the company's shares are listed, are duly complied with.

A separate report on 'Corporate Governance' along with Auditors Certificate for its due compliance is annexed hereto as part of this report.

ACKNOWLEDGEMENT :

Your Directors would like to express their sincere appreciations for the co-operation received from shareholders, bankers and other business constituent during the year under review. Your directors also wish to place on record their deep sense of appreciation for the commitment displayed by all employees of the Company.

By Order of the Board of Directors
For ARAVALI SECURITIES & FINANCE LIMITED

Ranjan Kumar Poddar
Managing Director

Registered Office :
Sirpur House
Plot No.39, Sector 44
Gurgaon, Haryana-122003

Date: 14th August,2012.

R. A. Kila
Devashish Poddar
Naresh Birla
Director



REPORT ON CORPORATE GOVERNANCE

The Directors present the Company's report on Corporate Governance.

1. The Company's Governance Philosophy.

Aravali Securities & Finance Ltd (ASFL) governance philosophy is that the policies and procedures should be so strong that they don't leave any room for mistakes or manipulations. ASFL emphasis is on providing complete transparency in management and fixing authority and responsibility of every person in the organisation. This enables every person in the organisation to work for the achievement of the Company's goal and thereby maximising the return to the company as also to the members of the company.

ASFL's Corporate Governance is based on two core principles:

- I. Management must have the executive freedom to drive the enterprise forward without undue restraints; and
- II. This freedom of management should be exercised within a framework of effective accountability.

ASFL believes that any meaningful policy on Corporate Governance must provide empowerment to the executive management of the company, and simultaneously create a mechanism of checks and balances which ensures that the decision making powers vested in the executive management are not misused, and used with care and responsibility to meet stakeholders' aspirations and societal expectations.

The above belief and core principles of Corporate Governance adopted by ASFL lead to company's governance philosophy, trusteeship, transparency, accountability and responsibility which in turn are the basis of public confidence in corporate system.

2. Composition of the board

- I. The board of directors of the company consists of persons with professional expertise. ASFL's board consists of one executive and five non-executive directors. Three non executive directors are independent directors. Accordingly, the composition of the board is in conformity with the requirements of listing agreement.

Directors	Executive/ Non Executive Director	Independent Status	No. of other Directorships held in other Companies	Committee Membership (in other Companies) Member/Chairman	
Mr. Ranjan Kumar Poddar Managing Director	Executive	Promoter	Two	Nil	Nil
Mr. Gautam Khaitan Director	Non-Executive	Promoter Associate	Twenty Four	Seven	Three
Mr. R. A. Kila Director	Non-Executive	Independent	Four	Nil	Nil
Mr. Devashish Poddar Director	Non-Executive	Promoter Associate	Two	One	Nil
Mr. Ashok Kumar Sharma Director	Non-Executive	Independent	Nil	Nil	Nil
Mr. Naresh Birla Director	Non-Executive	Independent	One	Nil	Nil

II. Director's interest in the Company and attendance records.

Director	No. of board meetings attended during the year 2011-2012	Last AGM attended	No. of equity shares held
Mr. Ranjan Kumar Poddar	3	No	Nil
Mr. Gautam Khaitan	1	No	Nil
Mr. Devashish Poddar	2	No	3707092
Mr. R. A. Kila	5	Yes	Nil
Mr. Ashok Kumar Sharma	2	No	Nil
Mr. Naresh Birla	4	Yes	Nil

Note : During the year five board meetings were held on 1st April , 2011, 30th May, 2011, 12th August, 2011, 14th November 2011 and 13th February 2012.

3. Audit Committee

I. The audit committee was constituted on 2nd May 2001. As on 31st March, 2012 the audit committee comprises of one executive and four non executive directors. Mr. R. A. Kila is the Chairman of the committee and the committee met four times during the year and the attendance of the members at the meeting was as follows:

<u>Name of member</u>	<u>Status</u>	<u>No. of meetings attended</u>
Mr. Ranjan Kumar Poddar	Member	Two
Mr. R. A. Kila	Chairman	Four
Mr. Devashish Poddar	Member	Two
Mr. Naresh Birla	Member	Three
Mr. Ashok Kumar Sharma	Member	Two

The General Manager - Commercial, Chief Financial Officer and Statutory Auditors are the permanent invitees. The company secretary is the secretary of the committee.

II. Terms of Reference:

The Audit Committee is to oversee the Company's financial reporting process and disclosure of its financial information, to recommend the appointment of Statutory Auditors and fixation of their fees, to review and discuss with the Auditors about internal control systems, the scope of Audit including the observations of the Auditors, adequacy of the internal audit system, major accounting policies, practices and entries, compliances with accounting



standards and Listing Agreement entered into with the Stock Exchange and other legal requirements concerning financial statements. It is to review the Company's financial and risk management policies and discuss with the Auditors any significant findings for follow-up thereon and to review the quarterly, half yearly and annual financial statements before they are submitted to the Board of Directors.

The Committee also meets the operating management personnel and reviews the operations, new initiatives and performance of the business. Minutes of the Audit Committee Meetings are circulated to the Members of the Board, discussed and taken note of.

4. Remuneration Committee

Since amendment in Schedule XIII of the Companies Act 1956 on 16th January 2002 no director is being paid any remuneration & therefore no remuneration committee has been formed.

Details of directors' remuneration paid for the year 2011-2012.

- (a) Executive Director Nil
- (b) Non Executive Directors

Name of Director	Sitting Fees paid during 2011-12
Mr. Gautam Khaitan	Rs. 2000
Mr. R. A. Kila	Rs. 10000
Mr. Devashish Poddar	Rs. 4000
Mr. Naresh Birla	Rs. 8000
Mr. Ashok Kumar Sharma	Rs. 4000

Note : No remuneration except sitting fees for attending board meetings are paid to the non-executive directors.

No remuneration is paid to any director for attending board committee meetings.

5. Share Holders Grievance Committee

I. Terms of Reference

The committee was constituted to look into the investors' complaints and to redress the same expeditiously. The committee meets twice in the year to review the grievance of the investors. All complaints are resolved by the competent authority in the company on daily basis.

II. Composition

The shareholders' grievance committee as on 31st March 2012 comprises of one executive and two non-executive directors.

During the year, the committee held two meetings and the attendance of the members was as follows:

Name of Members	Status	No. of meetings attended
Mr. Devashish Poddar	Chairman	Two
Mr. Ranjan Kumar Poddar	Member	Two
Mr. Naresh Birla	Member	Two

The Company Secretary Ms. Gayatri Khatri is the compliance officer.

During the year, 2 letters/complaints were received from the shareholders. The same were replied/resolved to the satisfaction of the shareholders.

As on date no requests involving transfer of shares is pending.

In order to expedite the process of shares transfers, the Board has delegated the powers of approving transfer of shares to the Company Secretary of the Company. The delegated Authority is attending to share transfer formalities at least once in a fortnight, as required.

6. General Body Meetings.

Details of General Body Meetings:

Year	Date	Day	Time	Venue
2010-2011	30th September, 2011	Friday	11.00 A. M.	Plot No 321 Udyog Vihar, Phase VI, Sector 37, Gurgaon-122 001
2009-2010	30th September, 2010	Thursday	11.00 A. M.	Plot No 321 Udyog Vihar, Phase VI, Sector 37, Gurgaon-122 001
2008-2009	30th September, 2009	Wednesday	10.30 A.M.	Community Centre, Sector-4, Gurgaon -122 001

During last year, none of the resolutions passed at the Annual General Meeting was required to be passed through Postal Ballot as per the Companies (Passing of Resolution by Postal Ballot) Rules, 2001.

7. Code of Conduct

The board of directors has adopted the Code of Business Conduct and Ethics for Directors and Senior Management. The said code has been communicated to the directors and members of the senior management.

8. Disclosures

1. During the year, there were no transactions of material nature with the promoters, directors or the management or their subsidiaries or relatives etc. that had potential conflict with the interest of the Company.
2. There were no instances of non-compliance on any matter related to the capital markets, during the last three years except that on resignation of an independent director, the board of Director became other than as required under the listing agreement, which has addressed by appointing two independent directors in the month of May, 2011.
3. In the preparation of the financial statements, the Company has followed the Accounting Standards issued by the Institute of Chartered Accountants of India. The significant accounting policies, which are consistently applied, are disclosed in Note No. 1 to the financial statements in the annual report.
4. Business risk evaluation and management is an ongoing process within the Company. During the year under review a detailed exercise on 'Risk Assessment & Management' was carried out covering the entire gamut of business operations and Board was informed of the same.
5. Adoption of non-mandatory requirements of Clause 49 of the Listing Agreement is being reviewed by the Board from time to time.

9. Means of Communication

1. Quarterly results and statutory notices are published in daily newspaper both in Hindi & English language such as The Pioneer, Veer Arjun.
2. Share holding pattern and the quarterly results are sent to the stock exchanges where company's securities are listed on quarterly basis.
3. Management discussion and analysis is included in directors' report which is mailed to the share holders of the company individually.
4. The company is taking steps to display the results and the official news on web site.



10. General Shareholders Information

1. Annual General Meeting will be held on Saturday, the 29th day of September 2012 at Plot No 321, Udyog Vihar, Phase - VI, Sector -37, Gurgaon, at 11.00 A.M.
2. Financial calendar
First Quarter results
Annual General Meeting
Second Quarter results
Third Quarter results
Fourth Quarter results
3. Dates of book closure
4. Dividend payment date
5. Listing of equity shares on Stock Exchanges at :
6. Stock Code at Mumbai Stock Exchange
7. Stock Market Price data for the year 2011 - 2012
Share Price On BSE

Month	HIGH (Rs.)	LOW (Rs.)
April, 2011	18.16	11.75
May, 2011	13.70	10.31
June, 2011	12.95	9.70
July, 2011	12.70	10.33
August, 2011	12.33	7.61
September, 2011	12.00	8.80
October, 2011	12.54	9.95
November, 2011	12.49	10.35
December, 2011	12.02	9.82
January, 2012	12.07	10.00
February, 2012	12.18	9.96
March, 2012	12.10	8.16

8. Share Transfer System:

The Company's shares are traded in the Stock Exchanges compulsorily in demat mode. In compliance with the SEBI directions, the company has appointed the following registrar as common agency to handle both physical and demat share work w.e.f.1st April,2003. The shares which are lodged for transfer with the Registrar and Transfer Agent of the company are processed and returned to the shareholders within stipulated time. The address of the Registrar and Transfer Agents for correspondence is as under :

M/s. Skyline Financial Services Pvt. Ltd.
D-153/A, 1st Floor, Okhla Industrial Area
Phase-I, New Delhi-110020.
Tel.: 011-26292680/82/83/85

9. (a) Distribution of Shareholding as on 31st March, 2012

Number of equity share held			Number of Share holders	Percentage (%)	Number of equity shares held	Percentage (%)
1	to	5000	15100	90.10	2163906	14.28
5001	to	10000	896	5.35	723136	4.77
10001	to	20000	361	2.15	535962	3.54
20001	to	30000	130	0.78	333607	2.20
30001	to	40000	51	0.30	185469	1.22
40001	to	50000	58	0.35	276252	1.82
50001	to	100000	86	0.51	623098	4.11
100001	and	above	78	0.46	10312420	68.05

(b) Categories of Shareholders as on 31st March, 2012

Category	Number of share holders	Percentage (%)	Number of equity shares held	Percentage (%)
i) Promoters & person acting in concert	4	0.02	6131863	40.46
ii) Public Financial Institution & Govt. Companies	NIL	NIL	NIL	NIL
iii) Banks & Mutual Funds	9	0.05	13205	0.09
iv) Non Resident Indians	18	0.11	32585	0.22
v) Other Bodies Corporate	214	1.28	1434307	9.46
vi) Others	16515	98.54	7541890	49.77
	<u>16760</u>	<u>100%</u>	<u>15153850</u>	<u>100%</u>

10. Dematerialisation of shares and liquidity

Trading in ASFL Shares is permitted only in dematerialised form as per circular issued by the Securities and Exchange Board of India (SEBI) 82.96% of the Equity shares of the company have been Dematerialised upto 31st March, 2012.

11. The address for correspondence are as mentioned below :

Registered Office

ARAVALI SECURITIES & FINANCE LIMITED
 Sirpur House, Plot No. 39, Sector 44,
 Gurgaon, Haryana-122003.



12. Non Mandatory requirements

- I. At present, the company does not have any permanent chairman and no separate office is maintained for him.
- II. As the financial performance of the company is well publicised, individual communication of half yearly results is not sent to the shareholders.
- III. No item of business relating to matters specified under Clause 49 of the Listing Agreement with the Stock Exchanges and/or the provisions contained in Section 192 of the Companies Act, 1956 which requires voting by postal ballot is included in the notice convening the 32nd Annual General Meeting of the company.

By Order of the Board of Directors
For ARAVALI SECURITIES & FINANCE LIMITED

Ranjan Kumar Poddar
Managing Director

Registered Office :
Sirpur House
Plot No.39, Sector 44
Gurgaon, Haryana-122003

R. A. Kila
Devashish Poddar
Naresh Birla
Director

Date: 14th August, 2012

DECLARATION

As provided under clause 49 of the listing agreements with the stock exchanges, I affirm that the board members and the senior management personnel have confirmed compliance with the Code of Conduct, as applicable to them, for the year ended 31st March 2012.

For ARAVALI SECURITIES & FINANCE LIMITED

Gurgaon, Haryana-122003.
Dated : 14th August, 2012

Ranjan Kumar Poddar
Managing Director

AUDITORS' CERTIFICATE

To the Members of
Aravali Securities & Finance Limited

We have examined the compliance of conditions of Corporate Governance by Aravali Securities & Finance Limited, for the year ended on 31st March, 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementations thereof adopted by the Company for ensuring compliance with the conditions of the certificate of Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and 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 except that on resignation of an independent director, the Board of Director, became other than as required under the listing agreement which was addressed by appointing two independent directors in the month of May, 2011.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we state that the Shareholders/ Investor Grievance Committee has maintained records to show the investor grievances and certify that as at 31st March, 2012 there were no investor grievances remaining unattended/pending for more than 30 days.

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

For SALARPURIA & PARTNERS
Chartered Accountants
(Registration No. 302113E)

KAMAL KUMAR GUPTA
Partner
Membership No. 89190

Place : Camp Gurgaon
Dated : 14th August, 2012



CEO and CFO Certificate

THE BOARD OF DIRECTORS OF ARAVALI SECURITIES & FINANCE LTD.

- a) We have reviewed the financial statements and the cash flow statement of Aravali Securities & Finance Ltd. (the Company) for the year ended March 31, 2012 and to the best of our knowledge and belief:
- i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading:
 - ii. these statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year, which are fraudulent, illegal or violative of the Company's codes of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, significant deficiencies in the design of operation of internal controls, if any, of which we are aware and the steps taken or proposed to be taken to rectify these deficiencies.
- d) We have indicated to the auditors and the Audit Committee
- i) significant changes in internal control over financial reporting during the year,
 - ii) significant changes in accounting policies during the year, if any and that the same have been disclosed in the notes to the financial statements, and
 - iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or any employee having a significant role in the Company's internal control system over financial reporting.

Place :Gurgaon

Dated : 14th August, 2012

SUSHIL KUMAR
Chief Financial Officer

RANJAN KUMAR PODDAR
Managing Director

AUDITORS' REPORT

1. We have audited the attached Balance Sheet of ARAVALI SECURITIES & FINANCE LIMITED, as at 31st March, 2012 and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 (the 'Act') we give in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (iii) The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (iv) In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - (v) On the basis of written representations received from the directors, as on 31st March, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements read together with the Notes thereon appearing in Note No. 1 give in the prescribed manner the information required by the Act, and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012; and
 - (b) in the case of the Profit and Loss Account, of the Loss of the company for the year ended on that date; and
 - (c) in the case of the Cash Flow Statement, of the Cash Flows of the company for the year ended on that date.

For SALARPURIA & PARTNERS
Chartered Accountants
(Registration No. 302113E)

KAMAL KUMAR GUPTA
Partner
Membership No. 89190

Place : Camp Gurgaon
Dated : 14th August, 2012.



ANNEXURE TO AUDITORS' REPORT

(Referred to in paragraph (3) of our report of even date to the members of Aravali Securities & Finance Limited as at and for the year ended 31st March, 2012)

- i. a. The Company is maintaining proper records showing full particulars, including quantitative details and situation of its fixed assets.
- b. The fixed assets of the company were physically verified by the management during the year. In our opinion, frequency of physical verification is reasonable having regard to the size of the operation of the company. On the basis of explanation received, in our opinion, no discrepancy between the book records and physical inventory has been noticed in respect of assets physically verified.
- c. During the year, the Company has not disposed off a substantial part of its fixed assets.
- ii. a. As explained to us, the inventories were physically verified during the year by the management at reasonable intervals. In our opinion, having regard to the nature of stocks, the frequency is reasonable.
- b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management were reasonable and adequate in relation to the size of the Company and the nature of its business.
- c. On the basis of our examination of records of inventories, in our opinion, the Company has maintained proper records of its inventories and no material discrepancy was noticed on physical verification **except to the extent of shares not registered in the name of the company as mentioned in Note No 12.**
- iii. a. The Company has taken loan from a company, covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 25 Lacs and the balance outstanding at the close of the year is Rs.25 Lacs.

The rate of interest and other terms and conditions of the loan are, in our opinion prima facie not prejudicial to the interests of the company.

The payment of principal amount and interest in respect of such loan are as per stipulations.
- b. The Company has given loans to a company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 85.50 Lacs and the balance outstanding at the close of the year is Rs. 85.50 Lacs.

In our opinion, the rate of interest and other terms and conditions of loans given by the company are prima facie not prejudicial to the interests of the company.

The payment of principal amount and interest in respect of such loan are as per stipulations.

There is no overdue amount of loans granted to the company, listed in the register maintained under section 301 of the Companies Act, 1956.
- iv. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. Further, on the basis of our examination and according to the information and explanations given to us, we have neither come across nor we have been informed of any instance of major weaknesses in the aforesaid internal control systems.
- v. a. According to the information and explanations given to us, the contracts or arrangements that need to be entered in the register maintained under Section 301 of the Companies Act, 1956 have been so entered.

- b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding the value of five lacs rupees in respect of any party entered into during the year are at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi. As informed, the Company has not accepted any deposits from the public.
- vii. In our Opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- viii. The Central Government has not prescribed maintenance of the cost records under section 209(1) (d) of the Companies Act, 1956 in respect of any of the company's activities.
- ix. a. According to the information and explanations given to us and the books and records as produced and examined by us, in our opinion, the undisputed statutory dues including in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and others as applicable have been regularly deposited by the Company during the year with the appropriate authorities. There were no undisputed statutory dues as at the last day of the financial year outstanding for a period of more than six months from the date they became payable.
- b. According to the records of the company, there were no dues of income tax, wealth tax, service tax, custom duty, excise duty, cess which have not been deposited on account of disputes. The particulars of dues of sales tax as at 31st March 2012 which have not been deposited on account of disputes are as under:

Name of the dues	Period	Amount under dispute not yet deposited	Forum before whom pending
Sales Tax	Financial year 1984-85, 1985-86, 2000-01 and 2001-02	Rs. 1,60,969	Asst. Commissioner of Sales Tax (Appeals) Delhi

- x. The accumulated losses as at 31st March 2012 are less than fifty percent of its networth. The company has incurred cash losses in the financial year covered by our audit as well as in the immediately preceding financial year.
- xi. No default in repayment of dues to financial institutions or banks or debenture holders occurred during the year under review.
- xii. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. The provisions of any special statute applicable to chit fund, nidhi/mutual benefit fund/societies as specified under clause (xiii) of paragraph 4 of the Order are not applicable to this Company.
- xiv. In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its transactions and contracts for dealing in shares, securities and other investments and has made timely entries therein. The company is holding all the shares, securities and other investments in its own name except to the **extent mentioned in Note No. 12.**
- xv. The Company has not given any guarantee for loans taken by others from bank or financial institutions except those mentioned in Note No. 8.
- xvi. The Company has not taken any term loans during the year.



- xvii. According to the information and explanations given to us and on an overall examination of the financial statements of the company and after placing reliance on the reasonable assumptions made by the company for classification of long term and short term uses of funds, we are of the opinion, that prima facie funds raised on short term basis amounting to Rs 739.06 lacs have been utilised for long term purposes during the year.
- xviii. According to the information and explanations given to us, during the year under report, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- xix. In our opinion and according to the information and explanations given to us, the Company has not issued any secured debentures during the period covered by our report.
- xx. During the period under report, the Company has not raised any money by public issue.
- xxi. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For SALARPURIA & PARTNERS
Chartered Accountants
(Registration No. 302113E)

KAMAL KUMAR GUPTA
Partner
Membership No. 89190

Place : Camp Gurgaon
Dated : 14th August 2012.

BALANCE SHEET AS AT 31ST MARCH, 2012

		As at 31st March, 2012	As at 31st March, 2011
	Notes	Rupees	Rupees
EQUITY AND LIABILITIES			
SHARE HOLDERS' FUNDS			
Share Capital	2	151538500	151538500
Reserves and Surplus	3	138986480	153457309
		290524980	304995809
CURRENT LIABILITIES			
Short Term Borrowings	4	259264818	65973740
Other Current Liabilities	5	81951235	45994518
Short Term Provisions	6	507322	907732
		341723375	112875990
TOTAL		632248355	417871799
ASSETS			
NON CURRENT ASSETS			
Fixed Assets			
Tangible Assets	7	27556483	28297261
Non Current Investments	8	344349394	344349394
Deffered Tax Assets (Net)	9	21549055	21372948
Other Non Current Assets	10	60000000	-
		453454932	394019603
CURRENT ASSETS			
Current Investments	11	5100000	-
Inventories	12	238067	238518
Trade Receivables	13	3506000	3506000
Cash and Cash Equivalents	14	463780	6482331
Short Term Loans & Advances	15	163666743	8455904
Other Current Assets	16	5818833	5169443
		178793423	23852196
TOTAL		632248355	417871799

**ACCOUNTING POLICIES AND NOTES ON
FINANCIAL STATEMENTS**

1 to 21

The notes referred to above form an integral part of the Financial Statements

As per our report of even date attached

For SALARPURIA & PARTNERS

Chartered Accountants

(Registration No. 302113E)

KAMAL KUMAR GUPTA

Partner

Membership No. 89190

GAYATRI KHATRI

Company Secretary

RANJAN KUMAR PODDAR

Managing Director

For and on behalf of the Board

DEVASHISH PODDAR

R. A. KILA

NARESH BIRLA

Directors

Place : Camp Gurgaon

Dated : 14th August 2012.

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2012**

		For year ended 31st March, 2012	For year ended 31st March, 2011
	Notes	Rupees	Rupees
REVENUE			
Revenue from Operations	17	12717319	1711781
Other Income	18	4032922	4088111
TOTAL REVENUE		16750241	5799892
EXPENSES			
Change in Inventory of Stock in Trade	19	451	(1520)
Employee Benefits Expense	20	2706520	2586620
Finance Costs			
Interest		24993819	11279054
Depreciation		742935	761563
Other Expenses	21	2947524	2495413
TOTAL EXPENSES		31391249	17121130
LOSS BEFORE TAX		(14641008)	(11321238)
Tax Expense			
Deferred Tax		(176107)	(23315)
In respect of earlier years		5928	17919
LOSS FOR THE YEAR		(14470829)	(11315842)
EARNINGS PER EQUITY SHARE			
Basic and Diluted (in Rs)		(0.95)	(0.75)

**ACCOUNTING POLICIES AND NOTES
ON FINANCIAL STATEMENTS**

1 to 21

The notes referred to above form an integral part of the Financial Statements

As per our report of even date attached

For SALARPURIA & PARTNERS

Chartered Accountants

(Registration No. 302113E)

For and on behalf of the Board

DEVASHISH PODDAR

R. A. KILA

NARESH BIRLA

Directors

KAMAL KUMAR GUPTA

Partner

Membership No. 89190

GAYATRI KHATRI
Company SecretaryRANJAN KUMAR PODDAR
Managing Director

Place : Camp Gurgaon

Dated : 14th August 2012.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

	Year ended 31st March 2012		Year ended 31st March 2011	
	Rupees	Rupees	Rupees	Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before tax and extraordinary items		(14641008)		(11321238)
Adjustment for				
Depreciation	742935		761563	
Dividend on investments	(168)		(140)	
Loss on fixed assets sold/ discarded (Net)	7943		-	
Withdrawal from Diminution from investments	-		(3541)	
Interest	24993819		11279054	
Employee's Leave Encashment	(400410)	25344119	(379864)	11657072
Operating Profit before Working Capital Changes		10703111		335834
Adjustment for				
Trade & Other Receivables	(154669378)		46831592	
Inventories	451		(1520)	
Trade & Other Payables	29110859	(125558068)	2236010	49066082
Cash generated from operations		(114854957)		49401916
Interest paid	(18147961)		(10083169)	
Taxes paid	(1196779)	(19344740)	(5526776)	(15609945)
NET CASH FLOW FROM OPERATING ACTIVITIES		(134199697)		33791971
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	(17100)		-	
Sale of Fixed Assets	7000		-	
Dividend received on Investments	168		140	
Purchase of Investments	(65100000)		(50038533)	
NET CASH FLOW FROM INVESTING ACTIVITIES		(65109932)		(50038393)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Increase in Other borrowings	193291078		18781740	
NET CASH FLOW FROM FINANCING ACTIVITIES		193291078		18781740
D. NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		(6018551)		2535318
CASH AND CASH EQUIVALENT AS AT 31-03-2011		6482331		3947013
CASH AND CASH EQUIVALENT AS AT 31-03-2012		463780		6482331

Note :- Figures in bracket represents outflow

As per our report of even date attached
For SALARPURIA & PARTNERS
Chartered Accountants
(Registration No. 302113E)

KAMAL KUMAR GUPTA
Partner
Membership No. 89190

GAYATRI KHATRI
Company Secretary

RANJAN KUMAR PODDAR
Managing Director

For and on behalf of the Board

DEVASHISH PODDAR
R. A. KILA
NARESH BIRLA
Directors

Place : Camp Gurgaon
Dated : 14th August 2012.



NOTE 1: ACCOUNTING POLICIES AND NOTES ON FINANCIAL STATEMENTS

1.1 ACCOUNTING POLICIES

i) Accounting Concepts

The financial statements are prepared under the historical cost convention in accordance with the generally accepted accounting principles in India and in accordance with Accounting Standards as notified by (Accounting Standards) Rules, 2006.

ii) Uses of Estimates

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known/materialised.

iii) Revenue Recognition

a) All income is accounted on accrual basis.

b) Dividend declared within close of the accounting year are accounted for in respect of shares & securities held by the company.

iv) Expenses

All expenses are accounted on accrual basis.

v) In accordance with guidelines for Prudential Norms issued by the Reserve Bank of India to Non-Banking (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007, provision is made for non - performing assets in respect of income and debts/assets

vi) Depreciation

Depreciation is provided :

a) On assets acquired upto 30th June, 1987 on straight line method at the rates corresponding to the rates applicable under the Income Tax Rules, 1962 in force at the time of acquisition/purchase of respective assets.

b) On assets acquired on and from 1st July, 1987 on Straight Line Method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956 applicable at the time of acquisition/purchase of respective assets.

vii) Fixed Assets

Fixed assets are stated at cost less depreciation.

viii) Investments

Long term investments are stated at cost plus incidental expenses thereto. Provision for diminution in value of investments is made by the company to recognise permanent decline, if any, in the value of each investment. Current investments are valued at lower of cost and market value.

ix) Inventories

Shares & Securities- At cost or net realisable value, whichever is lower, script wise.

x) Deferred Tax

Deferred tax is recognised on timing differences, being the difference between the taxable income and accounting income that originate in one period and are capable of reversing in one or more subsequent periods. Deferred tax assets on unabsorbed depreciation and carry forward of losses are recognised only to the extent there is a virtual certainty of its realisation.

xi) Employee Benefits

Liability for employee benefits, both short term and long term, for present and past services which are due as per the terms of

NOTES 1 : CONTINUED

employment are recorded in accordance with Accounting Standard (AS) - 15 "Employees Benefits" as notified by Companies (Accounting Standards) Rules, 2006.

a. Gratuity

The company makes annual contribution to an approved gratuity fund covered by a policy with Life Insurance Corporation of India. The plan assets are sufficient to cover liability for gratuity fully.

b. Contribution to Provident & Other Funds

Contribution to Provident Fund and Employees State Insurance are recognised and expensed on accrual basis.

c. Compensated Absences

Liability for leave is treated as a short term liability and is accounted for on accrual basis.

xii) Contingent Liabilities

Contingent liabilities are not provided for and are shown by way of notes in the Notes to Financial Statements.

- 1.2** 2272 12.5% fully convertible debentures of Rs.125 each allotted on 25th January, 1993 have not been converted into fully paid equity shares since allotment money has not been received. Additions to subscribed and paid up share capital will be made as and when allotment money is received.
- 1.3** Accounts relating to allotment money in arrears of Fully Convertible Debentures are not reconciled.
- 1.4** Disclosures as required under Accounting Standard (AS) 15 (REVISED)

	For year ended 31st March, 2012	Gratuity For year ended 31st March, 2011
I. As at end of the year		
Present Value of Defined Benefit Obligations (DBO)	604481	600983
Fair Value of Plan Assets	1291081	1253976
Funded Status - Surplus	686600	652993
Net Asset/(Liability) recognised in the Balance Sheet	Nil	Nil
II. Changes in DBO during the year		
Present Value at beginning of the year	600983	952902
Current Service Cost	28773	44562
Interest Cost	48079	76232
Actuarial Losses / (Gains)	(2416)	(4453)
Benefits Paid	70938	468260
Present Value at the end of the year	604481	600983
III. Changes in Fair Value of Plan Assets during the year		
Plan Assets at beginning of the year	1253976	1597301
Actual return on Plan Assets	108043	124935
Benefits Paid	70938	468260
Plan Assets at the end of the year	1291081	1253976
IV. Components of Employers' expenses		
Current Service Cost	28773	44562
Interest Cost	48079	76232
Expected return on Plan Assets	(108043)	(124935)
Gain/(Actuarial Losses)	2416	4453
Expenses / Income recognised in the Profit & Loss Account	Nil	Nil
V. Actual Contribution and Benefits Payment for the year		
Actual Benefits Payments	70938	468260
Actual Contributions	-	-
Discount Rate	8%	8%
Expected return on Plan Assets	9%	9%
Salary Escalation	6%	6%



NOTES 1 : CONTINUED

1.5 Related Party Disclosures

(A) List of Related Parties and Relationships, where control exists and other related parties with whom transaction have taken place during the year.

Name of the Party	Relation
I. The Sirpur Paper Mills Limited	Aravali Securities & Finance Limited is Promoter
II. Boutique Hotels India Private Limited	Associate
Carma Arts & Crafts Private Limited	Associate
Devi Developers Private Limited	Associate
Devi Overseas Private Limited	Associate
III. Key Management Personnel	
Mr. Jiten Oberoi	Chief Financial Officer

(B) Related Party Transactions

Related Party Transactions	Associates	Promotee Company	Key Management Personnel
	Rupees	Rupees	Rupees
Lease / Rent Income	- (-)	1800000 (1800000)	
Interest Income	1435827 (533640)	- (698320)	
Interest Expenditure	375000 (105822)	3500000 (3500000)	
Rent, Office Maintenance, Fooding and Telephone Expenses	- (-)	704670 (694470)	
Remuneration paid			815986 (707026)
Equity Contribution	60000000 (-)		
Finance provided : Loans given	500000 (800000)	- (-)	
Loans received back	- (-)	- (50000000)	
Finance received Loans taken	- (2500000)	- (-)	
Balances outstanding as on 31.3.2012 Outstanding/receivables (debit)	9607750 (4815505)	- (-)	
Outstanding/payable (credit)	2932740 (2595240)	36881260 (36881260)	

NOTES 1 : CONTINUED

1.6 Basic and diluted earning per equity share

For the purpose of calculation of basic and diluted earning per share, the following amounts are considered:-

	For year ended 31st March, 2012	For year ended 31st March, 2011
(i) Amount used as the numerators Net Loss after tax	(Rs 14470829)	(Rs 11315842)
(ii) Weighted average number of equity shares	15153850	15153850
(iii) Basic and diluted earning per equity share	(Rs. 10.95)	(Rs. 0.75)

1.7 Segment Reporting

	For year ended 31st March, 2012 Rupees	For year ended 31st March, 2011 Rupees
I. Segment Revenues :		
a) Shares & Securities	18	777
b) Financing	12717301	1711004
Total	12717319	1711781
II. Segment Results before Tax, Interest & Other Unallocable Items :		
a) Shares & Securities	(1890)	(13623)
b) Financing	12717301	1711004
Total	12715411	1697381
Less : Interest	24993819	11279054
	(12278408)	(9581673)
Unallocable items :		
Other Unallocable Expenditure	(6395354)	(5820621)
Other Unallocable Income	4032754	4081056
Loss before tax	(14641008)	(11321238)
Less : Taxes	(170179)	(5396)
Loss after tax	(14470829)	(11315842)
III. Segment Assets :		
a) Shares & Securities	413193461	348093912
b) Financing	167182262	10153200
c) Unallocable Assets	51872632	59624687
Total	632248355	417871799
IV. Segment Liabilities :		
a) Unallocable Liabilities	82458557	46902250
b) Unallocated Unsecured Loans	259264818	65973740
Total	341723375	112875990

Note : Segment Revenue, Segment Results, Segment Assets and Segment Liabilities include the respective amounts identifiable to each of the segments as also amount allocated on a reasonable basis. The expenses / incomes which are not directly relatable to the business segment, are shown as unallocable expenditure and unallocable income. Assets and Liabilities that can not be allocated between the segments are shown as unallocated assets and liabilities respectively.



NOTES 1 : CONTINUED

1.8. Disclosure of details as required by Para 9BB of Non Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998

Particulars	Amount Outstanding	Amount Overdue
	Rupees	Rupees
1 Loans and advances availed by NBFC inclusive of interest thereon but not paid		
a) Debentures		
Secured	-	-
Unsecured fully convertible debentures	142000	*
b) Inter-corporate loans and borrowings	272858612	4533819
* Pending conversion into shares due to non-receipt of allotment money		
2 Break up of Loans given (inclusive of interest accrued)		
a) Secured	-	-
b) Unsecured	167182262	-
3 Break up of Investments (Net of diminution in value of investments)		
a) Current Investments :		
1) Quoted		
- Equity Shares	238067	
- Units of Mutual Funds	5100000	
b) Long Term Investments :		
1) Quoted		
- Equity Shares	343832194	
- UTI Bonds	38400	
2) Unquoted		
- Equity Shares	478800	
- Preference Shares	-	
4 Borrower group-wise classification of all assets financed as in (2) and (3) above	Amount Net of Provisions	
	Secured	Unsecured
a) Related Parties		Total
1) Subsidiaries	-	-
2) Companies in the same group	-	-
3) Other related parties	-	9607750
b) Other than related parties	-	157574512
Total	-	167182262
5 Investor group-wise classification of all investments (current and long term)	Market Value Break up Value or Fair Value or NAV	Book Value (net of provisions)
a) Related Parties		
1) Subsidiaries	-	-
2) Companies in the same group	-	-
3) Other related parties	199328850	344296323
b) Other than related parties	5504163	5391138
Total	204833013	349687461

NOTES 1 : CONTINUED

vi) Other Information	
a) Gross Non Performing Assets	
1) Related parties	-
2) Other than related parties	-
b) Net Non Performing Assets	
1) Related parties	-
2) Other than related parties	-
c) Assets acquired in satisfaction of debt	-

1.9 Contingent Liabilities

Sales tax liabilities pending company's appeals/rectifications	Rs. 337538	(Rs. 337538)
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1.10 Quantitative Details

Name of item	Unit	Opening Stocks		Purchases (Less Returns)		Sales (Less Returns)		Closing Stocks	
		Qty.	Amount Rupees	Qty.	Amount Rupees	Qty	Amount Rupees	Qty	Amount Rupees
Shares & Securities	Nos.	77053 (77064)	238518 (236998)	33* (-)	- (-)	- (11)	18** (-)	77086 (77053)	238067 (238518)

* Received as bonus shares

** Represent Sale of fraction Share entitlement upon allotment of bonus shares.



NOTES 1 : CONTINUED

1.11 Additional Information pursuant to Part IV to Schedule VI of the Companies Act, 1956.

i. Registration Details					
Registration No.	:	55-010526	State Code	:	55
Balance Sheet Date	:	31 03 2012			
		Date	Month	Year	
ii. Capital raised during the year (Amount in Rs. Thousands)					
Public Issue	:	NIL	Right Issue	:	NIL
Bonus Issue	:	NIL	Private Placement	:	NIL
iii. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)					
Total Liabilities	:	632248	Total Assets	:	632248
Sources of Funds :					
Paid-up Capital	:	151538	Reserves and Surplus	:	138986
Secured Loans	:	NIL	Unsecured Loans	:	259265
Current Liabilities	:	82459			
Application of Funds :					
Net Fixed Assets	:	27556	Investments	:	349449
Net Current Assets	:	233694	Miscellaneous Expenditure	:	NIL
Deferred Tax Assets	:	21549			
iv. Performance of the Company (Amount in Rs. Thousands)					
Turnover	:	16750	Total Expenditure	:	31391
Profit before Tax	:	(14641)	Profit after Tax	:	(14471)
Earning per Share in Rs.	:	(0.95)	Dividend Rate	:	NIL
v. Generic Names of three Principal Products/Services of the Company (as per monetary terms)					
PRODUCT DESCRIPTION		ITEM CODE NO.			
a) Finance		Not Applicable			
b) Investment / Trading in securities		Not Applicable			

1.12 Comparative figures for the previous year have been regrouped, recast and rearranged wherever necessary, to correspond with the current year's classification as per revised Schedule VI which has become effective from 1.4.2011 for the preparation of financial statements.

The notes referred to above form an integral part of the Financial Statements

As per our report of even date attached

For SALARPURIA & PARTNERS

Chartered Accountants

(Registration No. 302113E)

KAMAL KUMAR GUPTA

Partner

Membership No. 89190

GAYATRI KHATRI

Company Secretary

RANJAN KUMAR PODDAR

Managing Director

For and on behalf of the Board

DEVASHISH PODDAR

R. A. KILA

NARESH BIRLA

Directors

Place : Camp Gurgaon

Dated : 14th August 2012.

NOTE 2 : SHARE CAPITAL

	As at 31st March, 2012	As at 31st March, 2011
	Rupees	Rupees
AUTHORISED		
20000000(20000000) Equity Shares of Rs. 10 each	<u>200000000</u>	<u>200000000</u>
ISSUED, SUBSCRIBED AND PAID UP		
15153850(15153850) Equity Shares of Rs.10 each fully paid up	<u>151538500</u>	<u>151538500</u>

a) Shareholders holding more than 5% of shares

Name of the shareholder	As at 31st March 2012		As at 31st March 2011	
	No of shares	% of holding	No of shares	% of holding
Devashish Poddar	3707092	24	3707092	24
Chandra Lekha Poddar	1372511	9	1372511	9

- b) There are no shares issued for consideration other than cash in last 5 years. However 1494500 Equity Share out of issued, subscribed and paid up share capital were allotted as fully paid-up Bonus Shares by capitalisation of Reserves and Surplu s in Profit and Loss Account in earlier years.
- c) 10990600 Equity Shares out of issued subscribed and paid up share capital were allotted on conversion of convertible debentures in earlier years.
- d) The number of issued, subscribed and fully paidup shares remained unchanged during the year as there were no buyback or issue of share capital.
- e) The Company has only one class of Equity Shares having a par value of Rs 10.Each holder of Equity Shares is entitled to one vote per share.There are no restrictions attached to any Equity Shares. The Company declares and pays dividends, if any , in Indian Rupees.The dividend proposed by the Board of Directbrs, if any, is subject to the approval of the share holders in the ensuing Annual General Meeting.In the event of liquidation of the Company, the holders of Equity Shares will be entitled to receive remaining assets of the Company after distribution of all preferential amounts. The distribution will be in proportion to the number of Equity Shares held by the respective shareholders.

NOTE 3 : RESERVES AND SURPLUS

	As at 31st March, 2011	Addition during the year	As at 31st March, 2012
	Rupees	Rupees	Rupees
Securities Premium Reserve	127062200	-	127062200
NBFC Reserve Fund	16427862	-	16427862
Profit and Loss Account	9967247	(14470829)	(4503582)
	<u>153457309</u>	<u>(14470829)</u>	<u>138986480</u>



NOTE 4 : SHORT TERM BORROWINGS

		As at 31st March, 2012	As at 31st March, 2011
		Rupees	Rupees
12.5% Fully Convertible Debentures 2272 (2272) Debentures of Rs.125 each Less: Allotment money in arrears	284000 142000	142000	142000
Intercorporate Loans From Related Parties From Others		2500000 256622818	2500000 63331740
		259264818	65973740

Fully Convertible Debentures of Rs. 125 each were allotted on 25.01.1993 which were convertible into 5 fully paid up Equity Shares of Rs.10 each at a premium of Rs. 15 per Equity Share after six months of allotment.

NOTE 5 : OTHER CURRENT LIABILITIES

		As at 31st March, 2012	As at 31st March, 2011
		Rupees	Rupees
Interest accrued and due on borrowings		4533819	3788838
Interest accrued but not due on borrowings		9201975	3101098
Income received in advance		72581	72581
Advances and Deposits		6500000	37173000
TDS payable		1116274	570694
Other Liabilities for expenses		2026586	1288307
		81951235	45994518

No amount is due to micro and small enterprises

NOTE 6 : SHORT TERM PROVISIONS

		As at 31st March, 2012	As at 31st March, 2011
		Rupees	Rupees
Provision for Leave Encashment		507322	907732
		507322	907732

NOTE 7 : FIXED ASSETS

DESCRIPTION	GROSS BLOCK			DEPRECIATION			NET CARRYING VALUE			
	As at 31st March, 2011 Rupees	Additions during the year Rupees	Sold during the year Rupees	As at 31st March, 2012 Rupees	As at 31st March, 2011 Rupees	During the year Rupees	Adjustments On Sales Rupees	Upto 31st March, 2012 Rupees	As at 31st March, 2012 Rupees	As at 31st March, 2011 Rupees
Land	3425098	-	-	3425098	-	-	-	-	3425098	3425098
Building	28865465	-	-	28865465	5845433	470506	-	6315939	22549526	23020032
Vehicles	966562	-	32693	933869	422200	66852	17750	471302	462567	544362
Furniture & Office Equipments	3000339	17100	-	3017439	1968652	135657	-	2104309	913130	1031687
Computers	637768	-	-	637768	361686	69920	-	431606	206162	276082
TOTAL	36895232	17100	32693	36879639	8597971	742935	17750	9323156	27556483	28297261
	(36895232)	(-)	(-)	(36895232)	(7836408)	(761563)	(-)	(8597971)	(28297261)	(29058824)



NOTE 8 : NON CURRENT INVESTMENTS

	As at 31st March, 2012	As at 31st March, 2011
	Rupees	Rupees
NON - TRADE (AT COST)		
(I) (Unquoted) In Associate 7200 (7200) Equity Shares of Rs.10 each fully paid of Carma Arts & Crafts Private Limited.	478800	478800
TOTAL (I)	478800	478800
(II) (Quoted) In Promotee Company 5607000 (5607000) Equity Shares of Rs.10 each fully paid of The Sirpur Paper Limited	343817523	343817523
In Others 3750 (3750) Equity Shares of Rs. 10 each fully paid of Hindustan Commercial Investment Trust Ltd.	25000	25000
140 (110) Equity Shares of Rs.10 each Andhra Pradesh Paper Mills Limited	14671	14671
384 (384) 6.75% Tax Free US 64 Bonds of Rs. 100 each fully paid of Unit Trust of India.	38400	38400
TOTAL (II)	343895594	343895594
TOTAL A (I + II)	344374394	344374394
Less : Diminution in value of Investments	25000	25000
	344349394	34434939
a) Aggregate value of Quoted Investments	343895594	343895594
Unquoted Investments	478800	478800
b) Market value of Quoted Investments	199392709	319396859
c) Undertaking for non disposal of 5607000 Ordinary Shares of Rs.10 each of The Sirpur Paper Mills Limited has been given to financial institution against sanction of term loan to the said company.		
d) 877869 Ordinary Shares of Rs 10 each of The Sirpur Paper Mills Limited allotted on preferential basis shall remain in lockin for a period of three years from the date of allotment i.e. 28th May, 2010 till 28th May, 2013		

NOTE 9 : DEFERRED TAX ASSETS (NET)

	As at 31st March, 2012	As at 31st March, 2011
	Rupees	Rupees
Deferred Tax Liability :		
Depreciation	290451	340737
	290451	340737
Deferred Tax Assets		
Losses under Income Tax Act	21682744	21433195
Disallowances under Income Tax Act	156762	280490
	21839506	21713685
Deferred Tax Assets (Net)	21549055	21372948

NOTE 10 : OTHER NON CURRENT ASSETS

	As at 31st March, 2012	As at 31st March, 2011
	Rupees	Rupees
Share Application Money	60000000	-
	<u>60000000</u>	<u>-</u>

NOTE 11 : CURRENT INVESTMENTS

	As at 31st March, 2012	As at 31st March, 2011
	Rupees	Rupees
Quoted (At Cost or fair value whichever is less) In Mutual Funds Morgan Stanley Liquidity Fund	5100000	-
	<u>5100000</u>	<u>-</u>
NAV of Mutual Fund as on 31st March, 2012 Rs 5202232		

NOTE 12 : INVENTORIES

	As at 31st March, 2012	As at 31st March, 2011
	Rupees	Rupees
Stock in trade (As per inventories taken, valued at cost or net realisable value, which ever is lower and certified by the management)		
Shares & Securities - Quoted		
No of Shares		
1600	72960	72960
10000	22960	22960
300	449	449
5 @	651	651
41300	20614	20614
8000	11979	11979
4400	10103	10103
700	8358	8358
350	646	646
56	13575	13575
7600	45522	45522
2000	23959	23959
133	995	995
100 @	1561	1561
200 @	270	270
340	1690	1690
2	1775	2226
	<u>238067</u>	<u>238518</u>
Market Value of quoted Shares (Where market value is not available, carrying amount has been taken as market value)	238072	238524

@ Not registered in the name of the company.

NOTE 13 : TRADE RECEIVABLES

	As at 31st March, 2012	As at 31st March, 2011
	Rupees	Rupees
(Unsecured, considered good) Debts outstanding for a period exceeding six months	3506000	3506000
	<u>3506000</u>	<u>3506000</u>



NOTE 14 :CASH AND CASH EQUIVALENTS

	As at 31st March, 2012	As at 31st March, 2011
	Rupees	Rupees
Cash in hand (As per books & certified)	35075	47222
Balances with Scheduled Banks:		
In Current Accounts	428705	1753451
In Fixed Deposit Accounts	-	4681658
	463780	6482331

NOTE 15 : SHORT TERM LOANS AND ADVANCES

	As at 31st March, 2012	As at 31st March, 2011
	Rupees	Rupees
Loans and Advances (Unsecured, considered good)		
To Related Parties	8550000	3550000
To Others	155116743	4905904
	163666743	8455904

NOTE 16 : OTHER CURRENT ASSETS

	As at 31st March, 2012	As at 31st March, 2011
	Rupees	Rupees
Interest accrued on loans	3515519	1697296
Income accrued but not due	-	96831
Advances recoverable in cash or in kind or for value to be received	495136	2757989
Income tax payments and tax deducted at source (net of provisions)	1752390	561539
Security and Other Deposits	55788	55788
	5818833	5169443

NOTE 17 : REVENUE FROM OPERATIONS

	As at 31st March, 2012	As at 31st March, 2011
	Rupees	Rupees
Sale of Shares & Securities	18	777
Interest Income -Tax deducted at source Rs 1271050 (Rs 170170)	12717301	1711004
	12717319	1711781

NOTE 18 : OTHER INCOME

	As at 31st March, 2012	As at 31st March, 2011
	Rupees	Rupees
Interest -Tax deducted at source Rs 23109 (Rs 18500)	258612	446361
Dividend	168	434
Rent -Tax deducted at source Rs 376992 (Rs 362400)	376992	362400
Miscellaneous Income	4222	13771
Sundry Balances Written Off	-	4
Provision for diminution in value of investments written back	-	3541
	4032922	4088111

Dividend includes Rs 140 (Rs 140) from Long Term Investments

NOTE 19 : CHANGES IN INVENTORY OF STOCK IN TRADE

	As at 31st March, 2012	As at 31st March, 2011
	Rupees	Rupees
Opening Inventory		
Shares & Securities	238518	236998
Less: Closing Inventory		
Shares & Securities	238067	238518
Decrease/(Increase) in Inventory	451	(1520)

NOTE 20 : EMPLOYEE BENEFITS EXPENSE

	As at 31st March, 2012	As at 31st March, 2011
	Rupees	Rupees
Salaries, Bonus & Allowances	2400017	2268668
Contribution to Provident & Allied Funds (including Administration Charges)	103753	127535
Contribution to Gratuity Fund	2625	4156
Welfare Expenses	200125	186261
	2706520	2586620

NOTE 21 : OTHER EXPENSES

	As at 31st March, 2012	As at 31st March, 2011
	Rupees	Rupees
Rent	459789	459790
Rates & Taxes	13851	6173
Insurance	15784	16464
Directors' Meeting Fee	28000	22000
Travelling & Conveyance	522729	103458
Vehicles' Expenses	224558	250995
Printing & Stationery	190741	210481
Postage & Telephone Expenses	236527	284794
Legal & Professional Charges	647372	612365
Advertisement Expenses	52479	48805
Miscellaneous Expenses	218975	231385
Auditors' Remuneration :		
As Audit Fee	27575	27575
For Tax Audit	5515	5515
For Certification	6618	7723
Repairs and Maintenance :		
On Others	204940	207890
Loss on Sale of Fixed Assets	7943	-
Sundry Balances Written Off	84128	-
	2947524	2495413