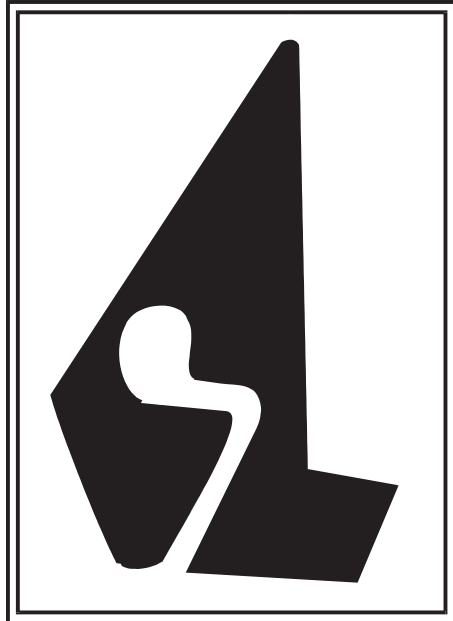


**ARAVALI SECURITIES & FINANCE LIMITED**



**33RD ANNUAL REPORT 2012-2013**



## ARAVALI SECURITIES & FINANCE LIMITED

|                                   |  |
|-----------------------------------|--|
| <b>BOARD OF DIRECTORS</b>         | <ol style="list-style-type: none"><li>1. Mr. Ranjan Kumar Poddar</li><li>2. Mr. Gautam Khaitan</li><li>3. Mr. R. A. Kila</li><li>4. Mr. Devashish Poddar</li><li>5. Mr. Ashok Kumar Sharma</li><li>6. Mr. Naresh Birla</li></ol> |
| <b>SECRETARY</b>                  | Ms. Anuradha Rawat   |
| <b>AUDITORS</b>                   | Salarpuria & Partners  |
| <b>BANKERS</b>                    | Punjab National Bank   |
| <b>REGISTERED OFFICE</b>          | Institutional Area<br>Plot No. 39, Sector-44<br>Gurgaon-122003.  |
| <b>HEAD OFFICE</b>                | 3rd Floor, UCO Bank Building,<br>Parliament Street, New Delhi-110001.  |
| <b>SHARE &amp; TRANSFER AGENT</b> | <b>M/s. Skyline Financial Services Pvt. Ltd.</b><br>D-153/A, 1st Floor, Okhla Industrial Area<br>Phase-I, New Delhi-110020.<br>Tel.: 011-26812682, 83  |



# ARAVALI SECURITIES & FINANCE LIMITED

Regd. Office : Institutional Area, Plot No. 39, Sector-44, Gurgaon, Haryana-122003.



## NOTICE

Notice is hereby given that the 33rd Annual General Meeting of the members of Aravali Securities & Finance Limited will be held on Monday, the 30th day of September, 2013, at 11.00 a.m. at Plot No. 371, 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, 2013, 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. Naresh Birla as director of the Company.
4. To re-appoint Mr. Ashok Kumar Sharma as director of the Company.

Registered Office :  
Institutional Area,  
Plot No. 39, Sector-44,  
Gurgaon, Haryana-122003.

Dated : 12<sup>th</sup> August, 2013.

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

ANURADHA RAWAT  
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 Saturday, the 28th day of September, 2013 to Monday the 30th day of September, 2013 (both days inclusive).
4. Members are requested to notify immediately any change in their addresses to the Registered Office of the Company situated at Institutional Area, 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 & Share Transfer Agent of the Company namely Skyline Financial Services Pvt. Ltd., D-153/A, 1st Floor Okhla Industrial Area, Phase-I, New Delhi-110 020 Tel. No. 011-26812682,83).
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 of 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 & Transfer Agent (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.



ADDITIONAL INFORMATION REQUIRED TO BE FURNISHED UNDER CLAUSE 49 OF THE LISTING AGREEMENT IN RESPECT OF DIRECTORS SEEKING APPOINTMENT/ RE-APPOINTMENT

|  |   |
|--|---|
| <b>Name</b>                                | <b>Mr. Naresh Birla</b>   |
| Date of birth                              | 22/07/1969  |
| Date of Appointment                        | 30/05/2011  |
| Qualification                              | Graduation in Commerce  |
| Expertise in specific functional area      | Entrepreneurship qualities and vast experience in the accounting field. |
| Other Directorship                         | India Web Business Ltd.   |
| Committee position held in other Companies | Nil   |

|  |  |
|--|--|
| <b>Name</b>                                | <b>Mr. Ashok Kumar Sharma</b>  |
| Date of birth                              | 15/09/1951   |
| Date of Appointment                        | 30/05/2011   |
| Qualification                              | Graduation in Commerce   |
| Expertise in specific functional area      | Well experienced and possess administrative qualities in Corporate Sector. |
| Other Directorship                         | Nil  |
| Committee position held in other Companies | Nil  |

## DIRECTORS' REPORT

### TO THE MEMBERS

Your Directors take the pleasure in presenting their Report and Audited Accounts of the Company along with Auditors' Report thereon for the year ended 31st March, 2013.

### WORKING RESULTS

|   | 2012-2013<br>(Rupees in lacs) | 2011-2012<br>(Rupees in lacs) |
|---|-------------------------------|-------------------------------|
| <b>Profit before interest, depreciation and taxes</b> | <b>144.94</b>                 | 110.96                        |
| Less : Interest                                       | <b>240.03</b>                 | 249.94                        |
| <b>Profit/(Loss) before depreciation and taxes</b>    | <b>(95.09)</b>                | (138.98)                      |
| Less : Depreciation                                   | <b>6.96</b>                   | 7.43                          |
| <b>Profit/(Loss) before provision of tax</b>          | <b>(102.05)</b>               | (146.41)                      |
| Less : Provision for Tax                              |                               |                               |
| Deferred Tax  | <b>19.53</b>                  | (1.76)                        |
| In respect of earlier years                           | -                             | 0.06                          |
| <b>Profit/(Loss) after Taxation</b>                   | <b>(121.58)</b>               | (144.71)                      |
| Add: Balance brought forward from previous year       | <b>(45.04)</b>                | 99.67                         |
| <b>BALANCE CARRIED TO BALANCE SHEET</b>               | <b>(166.62)</b>               | (45.04)                       |

### 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. 102.05 lacs after depreciation and interest. Further a provision for deferred tax of Rs. 19.53 lacs has been made in the accounts. The loss of Rs. 166.62 lacs together with brought forward loss of Rs. 45.04 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 authorized, 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 departs 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. Naresh Birla and Mr. Ashok Kumar Sharma, 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-election.

#### **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 profit 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 safeguarding 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. ii(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, 2013, 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 :  
Institutional Area,  
Plot No.39, Sector 44  
Gurgaon, Haryana-122003

R. A. Kila  
Devashish Poddar  
Naresh Birla  
Ashok Kumar Sharma  
Directors

Date: 12<sup>th</sup> August,2013.





# 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 the listing agreement.

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

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

| <b>Director</b>         | <b>No. of board meetings attended during the year 2012-2013</b> | <b>Last AGM attended</b> | <b>No. of equity shares held</b> |
|-------------------------|---|--------------------------|----------------------------------|
| Mr. Ranjan Kumar Poddar | 3   | No                       | Nil                              |
| Mr. Gautam Khaitan      | 0   | No                       | Nil                              |
| Mr. Devashish Poddar    | 5   | Yes                      | 3707092                          |
| Mr. R. A. Kila          | 5   | No                       | Nil                              |
| Mr. Ashok Kumar Sharma  | 2   | Yes                      | Nil                              |
| Mr. Naresh Birla        | 6   | Yes                      | Nil                              |

Note: During the year, six board meetings were held on 14th May, 2012, 14th August, 2012, 29th September, 2012, 12th November, 2012, 26th November, 2012 and 8th February 2013

**3. Audit Committee**

I. The Audit Committee was constituted on 2nd May 2001. As on 31st March, 2013, 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:

| <b><u>Name of Director</u></b> | <b><u>Status</u></b> | <b><u>No. of meetings attended</u></b> |
|--------------------------------|----------------------|--|
| Mr. R. A. Kila                 | Chairman             | Four                                   |
| Mr. Ranjan Kumar Poddar        | Member               | Two                                    |
| Mr. Devashish Poddar           | Member               | Four                                   |
| Mr. Naresh Birla               | Member               | Four                                   |
| Mr. Ashok Kumar Sharma         | Member               | One                                    |

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 2012-2013.

(a) Executive Director Nil

(b) Non Executive Directors

| <b>Name of Director</b> | <b>Sitting Fees paid during 2012-13</b> |
|-------------------------|---|
| Mr. Gautam Khaitan      | NIL                                     |
| Mr. R. A. Kila          | Rs.10000                                |
| Mr. Devashish Poddar    | Rs. 10000                               |
| Mr. Naresh Birla        | Rs. 12000                               |
| 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 level 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, 2013 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:

| <b>Name of Director</b> | <b>Status</b> | <b>No. of meetings attended</b> |
|-------------------------|---------------|---------------------------------|
| Mr. Devashish Poddar    | Chairman      | Two                             |
| Mr. Ranjan Kumar Poddar | Member        | Two                             |
| Mr. Naresh Birla        | Member        | Two                             |

\*The Company Secretary is the Compliance Officer.

During the year, 1 letter/complaint was 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   |
|---------|----------------------|----------|------------|---|
| 2011-12 | 29th September, 2012 | Saturday | 11.00 A.M. | Plot No 321 Udyog Vihar, Phase VI, Sector 37, Gurgaon-122 001 |
| 2010-11 | 30th September, 2011 | Friday   | 11.00 A.M. | Plot No 321 Udyog Vihar, Phase VI, Sector 37, Gurgaon-122 001 |
| 2009-10 | 30th September, 2010 | Thursday | 11.00 A.M. | Plot No 321 Udyog Vihar, Phase VI, Sector 37, 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 due to resignation of an independent director, the composition of board of Directors was not as per the requirement of the listing agreement. But it was 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 accounts 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. Shareholding pattern and the quarterly results are sent on quarterly basis to the Stock Exchanges where Company's securities are listed.
3. Management discussion and analysis is included in Directors' Report which is sent to the shareholders of the Company individually.
4. The Company maintains the official website to display the results and other official news.



## 10. General Shareholders Information

1. Annual General Meeting will be held on Monday, the 30th day of September 2013 at Plot No 371, 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:

1st April to 31st March  
Before 15th August  
Second Quarter of the Financial Year  
Before 15th November  
Before 15th February  
Before 30th May  
28.09.2013 To 30.09.2013 (both days inclusive)  
No dividend is recommended for payment  
BSE Limited, Mumbai  
Delhi Stock Exchange Ltd., New Delhi  
Calcutta Stock Exchange Ltd., Kolkata

\*Application for delisting of shares of the Company has been moved to Delhi Stock Exchange and Calcutta Stock Exchange

6. Stock Code at Mumbai Stock Exchange
7. Stock Market Price data for the year 2012 - 2013  
Share Price On BSE

BSE : 512344

| Month           | HIGH<br>(Rs.) | LOW<br>(Rs.) |
|-----------------|---------------|--------------|
| April, 2012     | 16.45         | 10.71        |
| May, 2012       | 16.50         | 10.90        |
| June, 2012      | 15.40         | 12.00        |
| July, 2012      | 16.42         | 13.25        |
| August, 2012    | 15.20         | 13.00        |
| September, 2012 | 16.05         | 11.00        |
| October, 2012   | 18.40         | 13.50        |
| November, 2012  | 17.80         | 13.70        |
| December, 2012  | 16.19         | 13.45        |
| January, 2013   | 15.39         | 9.43         |
| February, 2013  | 9.45          | 7.69         |
| March, 2013     | 9.99          | 6.45         |

### 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 Agent for correspondence is as under:

Skyline Financial Services Pvt. Ltd  
D-153/A, 1st Floor  
Okhla Industrial Area, Phase-I  
New Delhi-110020  
Tel : 011-26812682,83

9. (a) Distribution of Shareholding as on 31st March, 2013

| Number of equity share held |     |        | Number of Share holders | Percentage (%)       | Number of equity shares held | Percentage (%)       |
|-----------------------------|-----|--------|-------------------------|----------------------|------------------------------|----------------------|
| 1                           | to  | 5000   | 16309                   | 99.03                | 4057802                      | 26.78                |
| 5001                        | to  | 10000  | 80                      | 0.48                 | 567428                       | 3.74                 |
| 10001                       | to  | 20000  | 37                      | 0.22                 | 520817                       | 3.44                 |
| 20001                       | to  | 30000  | 14                      | 0.09                 | 345758                       | 2.28                 |
| 30001                       | to  | 40000  | 4                       | 0.02                 | 133862                       | 0.88                 |
| 40001                       | to  | 50000  | 6                       | 0.04                 | 266504                       | 1.76                 |
| 50001                       | to  | 100000 | 5                       | 0.03                 | 385532                       | 2.55                 |
| 100001                      | and | above  | 14                      | 0.09                 | 8876147                      | 58.57                |
| <b>Total</b>                |     |        | <b><u>16469</u></b>     | <b><u>100.00</u></b> | <b><u>15153850</u></b>       | <b><u>100.00</u></b> |

(b) Categories of Shareholders as on 31st March, 2013

| 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) Mutual Funds/ UTI                    | NIL                     | NIL                | NIL                          | NIL                |
| iii) Public Financial Institution/ Banks | 9                       | 0.06               | 13205                        | 0.09               |
| iv) Non Resident Indians                 | 18                      | 0.11               | 37750                        | 0.25               |
| v) Other Bodies Corporate                | 193                     | 1.17               | 1850862                      | 12.21              |
| vi) Others                               | 16245                   | 98.64              | 7120170                      | 46.99              |
| <b>Total</b>                             | <b><u>16469</u></b>     | <b><u>100%</u></b> | <b><u>15153850</u></b>       | <b><u>100%</u></b> |

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) and 83.07% of the Equity shares of the Company have been dematerialised upto 31st March, 2013.

11. The address for correspondence are as mentioned below :

**Registered Office**

ARAVALI SECURITIES & FINANCE LIMITED  
 Institutional Area, 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 33rd 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 :  
Institutional Area,  
Plot No.39, Sector 44  
Gurgaon, Haryana-122003

Date: 12<sup>th</sup> August,2013.

R. A. Kila  
Devashish Poddar  
Naresh Birla  
Ashok Kumar Sharma  
Directors

## 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 2013.

For ARAVALI SECURITIES & FINANCE LIMITED

Gurgaon, Haryana-122003.  
Dated : 12<sup>th</sup> August, 2013

Ranjan Kumar Poddar  
Managing Director

## **AUDITORS' CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE**

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 31st March, 2013, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The Compliance of the 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.

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 : 12<sup>th</sup> August, 2013





## 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, 2013 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 in violation of the Company's Code 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 : 12<sup>th</sup> August, 2013

SUSHIL KUMAR  
Chief Financial Officer

RANJAN KUMAR PODDAR  
Managing Director

## INDEPENDENT AUDITORS' REPORT

To  
The Members of  
Aravali Securities & Finance Limited

### Report on the Financial Statements

We have audited the accompanying financial statements of ARAVALI SECURITIES & FINANCE LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March, 2013 and the statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountant of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the act in the manner so required 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, 2013; and
- (b) In the case of the Statement of Profit and Loss, 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.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required under the provisions of Section 227(3) of the Act, we report that:
  - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit:
  - b. 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:
  - c. The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account:
  - d. In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Act.
  - e. On the basis of written representations received from the Directors as on 31st March, 2013 and taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March 2013, from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Act.

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

KAMAL KUMAR GUPTA  
Partner  
Membership No. 89190

Place : Camp Gurgaon  
Dated : 29<sup>th</sup> May, 2013.



## ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph (1) of Report on Other Legal and Regulatory Requirements of our report of even date to the members of Aravali Securities & Finance Limited as at and for the year ended 31<sup>st</sup> March, 2013)

- 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 Companies covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 346.08 Lacs and the balance outstanding at the close of the year is Rs. 96.08Lacs.

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 Companies, 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 2013 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 company's losses as on 31st March 2013 are less than fifty percent of its net worth. 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 have not 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 : 29<sup>th</sup> May 2013.

**BALANCE SHEET AS AT 31ST MARCH, 2013**

|                               |             | <b>As at 31st<br/>March, 2013</b> | As at 31st<br>March, 2012 |
|-------------------------------|-------------|-----------------------------------|---------------------------|
|                               | <b>Note</b> | <b>Rupees</b>                     | Rupees                    |
| <b>EQUITY AND LIABILITIES</b> |             |                                   |                           |
| <b>SHARE HOLDERS' FUNDS</b>   |             |                                   |                           |
| Share Capital                 | 2           | <b>151538500</b>                  | 151538500                 |
| Reserves and Surplus          | 3           | <b>126828343</b>                  | 138986480                 |
|                               |             | <b>278366843</b>                  | 290524980                 |
| <b>CURRENT LIABILITIES</b>    |             |                                   |                           |
| Short Term Borrowings         | 4           | <b>101478978</b>                  | 259264818                 |
| Other Current Liabilities     | 5           | <b>53296507</b>                   | 81951235                  |
| Short Term Provisions         | 6           | <b>565694</b>                     | 507322                    |
|                               |             | <b>155341179</b>                  | 341723375                 |
| <b>TOTAL</b>                  |             | <b>433708022</b>                  | 632248355                 |
| <b>ASSETS</b>                 |             |                                   |                           |
| <b>NON CURRENT ASSETS</b>     |             |                                   |                           |
| Fixed Assets                  |             |                                   |                           |
| Tangible Assets               | 7           | <b>27168983</b>                   | 27556483                  |
| Non Current Investments       | 8           | <b>341022180</b>                  | 344349394                 |
| Deffered Tax Assets (Net)     | 9           | <b>19596061</b>                   | 21549055                  |
| Other Non Current Assets      | 10          | -                                 | 60000000                  |
|                               |             | <b>387787224</b>                  | 453454932                 |
| <b>CURRENT ASSETS</b>         |             |                                   |                           |
| Current Investments           | 11          | <b>5940946</b>                    | 5100000                   |
| Inventories                   | 12          | <b>238376</b>                     | 238067                    |
| Trade Receivables             | 13          | <b>3506000</b>                    | 3506000                   |
| Cash and Cash Equivalents     | 14          | <b>194218</b>                     | 463780                    |
| Short Term Loans & Advances   | 15          | <b>30585000</b>                   | 163666743                 |
| Other Current Assets          | 16          | <b>5456258</b>                    | 5818833                   |
|                               |             | <b>45920798</b>                   | 178793423                 |
| <b>TOTAL</b>                  |             | <b>433708022</b>                  | 632248355                 |

**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 &amp; PARTNERS

Chartered Accountants

(Registration No. 302113E)

KAMAL KUMAR GUPTA  
Partner  
Membership No. 89190ANURADHA RAWAT  
Company Secretary

For and on behalf of the Board

R. A. KILA  
NARESH BIRLA  
ASHOK KUMAR SHARMA  
Directors

Place : Camp Gurgaon

Dated : 29<sup>th</sup> May 2013.



## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2013

|                                       |             | <b>For year ended<br/>31st March,<br/>2013</b> | <b>For year ended<br/>31st March,<br/>2012</b> |
|---------------------------------------|-------------|--|--|
|                                       | <b>Note</b> | <b>Rupees</b>                                  | <b>Rupees</b>                                  |
| <b>REVENUE</b>                        |             |  |  |
| Revenue from Operations               | 17          | 7974130  | 12717319                                       |
| Other Income                          | 18          | 12781570                                       | 4032922  |
| <b>TOTAL REVENUE</b>                  |             | <b>20755700</b>                                | <b>16750241</b>                                |
| <b>EXPENSES</b>                       |             |  |  |
| Change in Inventory of Stock in Trade | 19          | (309)  | 451  |
| Employee Benefits Expense             | 20          | 2509741  | 2706520  |
| Finance Costs                         |             |  |  |
| Interest                              |             | 24002861                                       | 24993819                                       |
| Depreciation                          |             | 696356   | 742935   |
| Other Expenses                        | 21          | 3752194  | 2947524  |
| <b>TOTAL EXPENSES</b>                 |             | <b>30960843</b>                                | <b>31391249</b>                                |
| <b>LOSS BEFORE TAX</b>                |             | <b>(10205143)</b>                              | <b>(14641008)</b>                              |
| Tax Expense                           |             |  |  |
| Deffered Tax                          |             | 1952994  | (176107)                                       |
| In respect of earlier years           |             | -  | 5928   |
| <b>LOSS FOR THE YEAR</b>              |             | <b>(12158137)</b>                              | <b>(14470829)</b>                              |
| <b>EARNINGS PER EQUITY SHARE</b>      |             |  |  |
| Basic and Diluted (in Rs)             |             | <b>(0.80)</b>                                  | <b>(0.95)</b>                                  |

### 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

ANURADHA RAWAT

Company Secretary

For and on behalf of the Board

R. A. KILA

NARESH BIRLA

ASHOK KUMAR SHARMA

Directors

Place : Camp Gurgaon

Dated : 29<sup>th</sup> May 2013.

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013**

|  | <u>Year ended 31st March 2013</u> |                             | <u>Year ended 31st March 2012</u> |                             |
|--|-----------------------------------|-----------------------------|-----------------------------------|-----------------------------|
|  | <u>Rupees</u>                     | <u>Rupees</u>               | <u>Rupees</u>                     | <u>Rupees</u>               |
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>                    |                                   |                             |                                   |                             |
| Net Profit before tax and extraordinary items                    |                                   | <b>(10205143)</b>           |                                   | (14641008)                  |
| Adjustment for   |                                   |                             |                                   |                             |
| Depreciation   | <b>696356</b>                     |                             | 742935                            |                             |
| Dividend on Investments  | <b>(593)</b>                      |                             | (168)                             |                             |
| Loss on Fixed Assets sold/ discarded (Net)                       | <b>208948</b>                     |                             | 7943                              |                             |
| Profit on Sale of Investment                                     | <b>(2162967)</b>                  |                             | -                                 |                             |
| Interest   | <b>24002861</b>                   |                             | 24993819                          |                             |
| Employee's Leave Encashment                                      | <b>58372</b>                      | <b>22802977</b>             | (400410)                          | 25344119                    |
|  |                                   | <u>                    </u> | <u>                    </u>       | <u>                    </u> |
| Operating Profit before Working Capital Changes                  |                                   | <b>12597834</b>             |                                   | 10703111                    |
| Adjustment for   |                                   |                             |                                   |                             |
| Trade & Other Receivables  | <b>134578215</b>                  |                             | (154669378)                       |                             |
| Inventories  | <b>(309)</b>                      |                             | 451                               |                             |
| Trade & Other Payables   | <b>(31601348)</b>                 | <b>102976558</b>            | 29110859                          | (125558068)                 |
|  |                                   | <u>                    </u> | <u>                    </u>       | <u>                    </u> |
| Cash generated from Operations                                   |                                   | <b>115574392</b>            |                                   | (114854957)                 |
| Interest paid  | <b>(21056241)</b>                 |                             | (18147961)                        |                             |
| Taxes paid   | <b>(1133897)</b>                  | <b>(22190138)</b>           | (1196779)                         | (19344740)                  |
|  |                                   | <u>                    </u> | <u>                    </u>       | <u>                    </u> |
| <b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>                   |                                   | <b>93384254</b>             |                                   | (134199697)                 |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>                    |                                   |                             |                                   |                             |
| Purchase of Fixed Assets   | <b>(817804)</b>                   |                             | (17100)                           |                             |
| Sale of Fixed Assets   | <b>300000</b>                     |                             | 7000                              |                             |
| Dividend received on Investments                                 | <b>593</b>                        |                             | 168                               |                             |
| Sale of Investment   | <b>85649235</b>                   |                             | -                                 |                             |
| Purchase of Investments  | <b>(21000000)</b>                 |                             | (65100000)                        |                             |
|  |                                   | <u>                    </u> | <u>                    </u>       | <u>                    </u> |
| <b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>                   |                                   | <b>64132024</b>             |                                   | (65109932)                  |
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>                    |                                   |                             |                                   |                             |
| Increase/(Decrease) in Other borrowings                          | <b>(157785840)</b>                |                             | 193291078                         |                             |
|  |                                   | <u>                    </u> | <u>                    </u>       | <u>                    </u> |
| <b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>                   |                                   | <b>(157785840)</b>          |                                   | 193291078                   |
| <b>D. NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b> |                                   | <b>(269562)</b>             |                                   | (6018551)                   |
| CASH AND CASH EQUIVALENT AS AT 31-03-2012                        |                                   | <b>463780</b>               |                                   | 6482331                     |
| CASH AND CASH EQUIVALENT AS AT 31-03-2013                        |                                   | <b>194218</b>               |                                   | 463780                      |

**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

ANURADHA RAWAT  
Company Secretary

For and on behalf of the Board

R. A. KILA  
NARESH BIRLA  
ASHOK KUMAR SHARMA  
Directors

Place : Camp Gurgaon  
Dated : 29<sup>th</sup> May 2013.





## 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

**NOTE 1 : CONTINUED**

of employment are recorded in accordance with Accounting Standard (AS) - 15 "Employees Benefits" as notified by Companies (Accounting Standard) 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)

|   | <b>For year ended<br/>31st March, 2013</b> | <b>Gratuity<br/>For year ended<br/>31st March, 2012</b> |
|---|--|---|
| I. Net Assets/(Liability) recognised in the Balance Sheet |  |   |
| As at end of the year                                     |  |   |
| Present Value of Defined Benefit Obligations (DBO)        | <b>531261</b>                              | 604481  |
| Fair Value of Plan Assets                                 | <b>1243743</b>                             | 1291081   |
| Funded Status - Surplus                                   | <b>712482</b>                              | 686600  |
| Net Asset/(Liability) recognised in the Balance Sheet     | <b>Nil</b>                                 | Nil   |
| II. Changes in DBO during the year                        |  |   |
| Present Value at beginning of the year                    | <b>604481</b>                              | 600983  |
| Current Service Cost                                      | <b>28900</b>                               | 28773   |
| Interest Cost   | <b>48358</b>                               | 48079   |
| Actuarial Losses / (Gains)                                | <b>1968</b>                                | (2416)  |
| Benefits Paid   | <b>152446</b>                              | 70938   |
| Present Value at the end of the year                      | <b>531261</b>                              | 604481  |
| III. Changes in Fair Value of Plan Assets during the year |  |   |
| Plan Assets at beginning of the year                      | <b>1291081</b>                             | 1253976   |
| Actual return on Plan Assets                              | <b>105108</b>                              | 108043  |
| Benefits Paid   | <b>152446</b>                              | 70938   |
| Plan Assets at the end of the year                        | <b>1243743</b>                             | 1291081   |
| IV. Components of Employers' expenses                     |  |   |
| Current Service Cost                                      | <b>28900</b>                               | 28773   |
| Interest Cost   | <b>48358</b>                               | 48079   |
| Expected return on Plan Assets                            | <b>(105108)</b>                            | (108043)  |
| Actuarial Losses / (Gains)                                | <b>1968</b>                                | (2416)  |
| Expenses / Income recognised in the Profit & Loss Account | <b>Nil</b>                                 | Nil   |
| V. Actual Contribution and Benefits Payment for the year  |  |   |
| Actual Benefits Payments                                  | <b>152446</b>                              | 70938   |
| Actual Contributions                                      | -  | -   |
| Discount Rate   | <b>8%</b>                                  | 8%  |
| Expected return on Plan Assets                            | <b>9%</b>                                  | 9%  |
| Salary Escalation   | <b>6%</b>                                  | 6%  |



## NOTE 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 a 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. Sushil Kumar                          | Chief Financial Officer                            |

(B) Related Party Transactions

| Transactions   | Associates                   | Promotee Company              | Key Management Personnel  |
|--|------------------------------|-------------------------------|---------------------------|
|  | <u>Rupees</u>                | <u>Rupees</u>                 | <u>Rupees</u>             |
| Lease / Rent Income                                      | -<br>(-)                     | <b>1800000</b><br>(1800000)   |                           |
| Interest Income  | <b>1825473</b><br>(1435827)  | <b>632877</b><br>(-)          |                           |
| Interest Expenditure                                     | <b>375000</b><br>(375000)    | <b>3500000</b><br>(3500000)   |                           |
| Rent, Office Maintenance, Fooding and Telephone Expenses | -<br>(-)                     | <b>677366</b><br>(704670)     |                           |
| Remuneration paid  |                              |                               | <b>599965</b><br>(815986) |
| Equity Contribution                                      | -<br>(60000000)              |                               |                           |
| Finance provided :<br>Loans given                        | -<br>(5000000)               | <b>25000000</b><br>(-)        |                           |
| Loans received back                                      | -<br>(-)                     | <b>25000000</b><br>(-)        |                           |
| Balances outstanding as on 31.3.2013                     |                              |                               |                           |
| Outstanding/receivables (debit)                          | <b>11250676</b><br>(9607750) | -<br>(-)                      |                           |
| Outstanding/payable (credit)                             | <b>3270240</b><br>(2932740)  | <b>37072176</b><br>(36881260) |                           |

**NOTE 1 : CONTINUED****1.6 Basic and diluted earnings per equity share**

|   | <b>For year ended<br/>31st March, 2013</b> | For year ended<br>31st March, 2012 |
|---|--|------------------------------------|
| Net Loss after tax                          | <b>(Rs 12158137)</b>                       | (Rs 14470829)                      |
| Weighted average number of equity shares    | <b>15153850</b>                            | <b>15153850</b>                    |
| Basic and diluted earnings per equity share | <b>Rs. (0.80)</b>                          | Rs. (0.95)                         |

**1.7 Segment Reporting**

|   | <b>For year ended<br/>31st March, 2013<br/>Rupees</b> | For year ended<br>31st March, 2012<br>Rupees |
|---|---|--|
| I. Segment Revenues :   |   |  |
| a) Shares & Securities  | <b>2163559</b>  | 18   |
| b) Financing  | <b>14374130</b>                                       | 12717301                                     |
| <b>Total</b>  | <b>16537689</b>                                       | <b>12717319</b>                              |
| II. Segment Results before Tax, Interest &<br>Other Unallocable Items : |   |  |
| a) Shares & Securities  | <b>2163268</b>  | (1890)                                       |
| b) Financing  | <b>14374130</b>                                       | 12717301                                     |
| <b>Total</b>  | <b>16537398</b>                                       | 12715411                                     |
| Less : Interest   | <b>24002861</b>                                       | 24993819                                     |
|   | <b>(7465463)</b>                                      | (12278408)                                   |
| Unallocable items :   |   |  |
| Other Unallocable Expenditure   | <b>(6957690)</b>                                      | (6395354)                                    |
| Other Unallocable Income  | <b>4218010</b>  | 4032754                                      |
| <b>Loss before tax</b>  | <b>(10205143)</b>                                     | (14641008)                                   |
| Less : Taxes  | <b>1952994</b>  | (170179)                                     |
| <b>Loss after tax</b>   | <b>(12158137)</b>                                     | (14470829)                                   |
| III. Segment Assets :   |   |  |
| a) Shares & Securities  | <b>350707502</b>                                      | 413193461                                    |
| b) Financing  | <b>33031357</b>                                       | 167182262                                    |
| c) Unallocable Assets   | <b>49969163</b>                                       | 51872632                                     |
| <b>Total</b>  | <b>433708022</b>                                      | 632248355                                    |
| IV. Segment Liabilities :   |   |  |
| a) Unallocable Liabilities  | <b>53862201</b>                                       | 82458557                                     |
| b) Unallocated Unsecured Loans  | <b>101478978</b>                                      | 259264818                                    |
| <b>Total</b>  | <b>155341179</b>                                      | 341723375                                    |

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.



## NOTE 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   | 116941215                       | 4805161                    |
| * 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  | 33031357                        | -                          |
| 3 Break up of Investments (Net of diminution in value of investments)           |                                 |                            |
| a) Current Investments :  |                                 |                            |
| 1) Quoted   |                                 |                            |
| - Equity Shares   | 238376                          |                            |
| - Units of Mutual Funds   | 5940946                         |                            |
| b) Long Term Investments :  |                                 |                            |
| 1) Quoted   |                                 |                            |
| - Equity Shares   | 280504980                       |                            |
| - UTI Bonds   | 38400                           |                            |
| 2) Unquoted   |                                 |                            |
| - Equity Shares   | 60478800                        |                            |
| - Preference Shares   | -                               |                            |
| 4 Borrower group-wise classification of all assets financed as in 2 above       | <b>Amount Net of Provisions</b> |                            |
|   | <b>Secured</b>                  | <b>Unsecured</b>           |
|   |                                 | <b>Total</b>               |
| a) Related Parties  |                                 |                            |
| 1) Subsidiaries   | -                               | -                          |
| 2) Companies in the same group  | -                               | -                          |
| 3) Other related parties  | -                               | 11250676                   |
| b) Other than related parties   | -                               | 21780681                   |
| <b>Total</b>  | <b>-</b>                        | <b>33031357</b>            |
| 5 Investor group-wise classification of all investments (current and long term) | <b>Market Value</b>             | <b>Book Value</b>          |
|   | <b>Break up Value or</b>        | <b>(net of provisions)</b> |
|   | <b>Fair Value or NAV</b>        |                            |
| a) Related Parties  |                                 |                            |
| 1) Subsidiaries   | -                               | -                          |
| 2) Companies in the same group  | -                               | -                          |
| 3) Other related parties  | 146915402                       | 340969109                  |
| b) Other than related parties   | 6331422                         | 6232393                    |
| <b>Total</b>  | <b>153246824</b>                | <b>347201502</b>           |

**NOTE 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 | <b>Rs. 337538</b> | (Rs. 337538) |
|--|-------------------|--------------|

**1.10 Quantitative Details**

| Name of item        | Unit | Opening Stocks          |                           | Purchases<br>(Less Returns) |                  | Sales<br>(Less Returns) |                  | Closing Stocks          |                           |
|---------------------|------|-------------------------|---------------------------|-----------------------------|------------------|-------------------------|------------------|-------------------------|---------------------------|
|                     |      | Qty.                    | Amount<br>Rupees          | Qty.                        | Amount<br>Rupees | Qty                     | Amount<br>Rupees | Qty                     | Amount<br>Rupees          |
| Shares & Securities | Nos. | <b>77086</b><br>(77053) | <b>238067</b><br>(238518) | -<br>(33)*                  | -<br>(-)         | -<br>(-)                | -<br>(18**)      | <b>77086</b><br>(77086) | <b>238376</b><br>(238067) |

\* Received as bonus shares

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



## NOTE 1 : CONTINUED

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

i. Registration Details

|                    |   |                   |            |   |           |
|--------------------|---|-------------------|------------|---|-----------|
| Registration No.   | : | <b>55-10526</b>   | State Code | : | <b>55</b> |
| Balance Sheet Date | : | <b>31 03 2013</b> |            |   |           |
|                    |   | Date Month Year   |            |   |           |

ii. Capital raised during the year (Amount in Rs. Thousands)

|              |   |            |                   |   |            |
|--------------|---|------------|-------------------|---|------------|
| Public Issue | : | <b>NIL</b> | Right Issue       | : | <b>NIL</b> |
| Bonus Issue  | : | <b>NIL</b> | Private Placement | : | <b>NIL</b> |

iii. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

|                        |   |               |                           |   |               |
|------------------------|---|---------------|---------------------------|---|---------------|
| Total Liabilities      | : | <b>433708</b> | Total Assets              | : | <b>433708</b> |
| Sources of Funds :     |   |               |                           |   |               |
| Paid-up Capital        | : | <b>151538</b> | Reserves and Surplus      | : | <b>126829</b> |
| Secured Loans          | : | <b>NIL</b>    | Unsecured Loans           | : | <b>101479</b> |
| Current Liabilities    |   | <b>53862</b>  |                           |   |               |
| Application of Funds : |   |               |                           |   |               |
| Net Fixed Assets       | : | <b>27169</b>  | Investments               | : | <b>346963</b> |
| Net Current Assets     | : | <b>39980</b>  | Miscellaneous Expenditure | : | <b>NIL</b>    |
| Deferred Tax Assets    | : | <b>19596</b>  |                           |   |               |

iv. Performance of the Company (Amount in Rs. Thousands)

|                          |   |                |                   |   |                |
|--------------------------|---|----------------|-------------------|---|----------------|
| Turnover                 | : | <b>20756</b>   | Total Expenditure | : | <b>30961</b>   |
| Profit before Tax        | : | <b>(10205)</b> | Profit after Tax  | : | <b>(12158)</b> |
| Earning per Share in Rs. | : | <b>(0.80)</b>  | Dividend Rate     | : | <b>NIL</b>     |

v. Generic Names of three Principal Products/Services of the Company (as per monetary terms)

| PRODUCT DESCRIPTION                   | ITEM CODE NO.         |
|---------------------------------------|-----------------------|
| a) Finance                            | <b>Not Applicable</b> |
| b) Investment / Trading in securities | <b>Not Applicable</b> |

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

ANURADHA RAWAT

Company Secretary

For and on behalf of the Board

R. A. KILA

NARESH BIRLA

ASHOK KUMAR SHARMA

Directors

Place : Camp Gurgaon

Dated : 29<sup>th</sup> May 2013.

## NOTE 2 : SHARE CAPITAL

|  | <b>As at 31st<br/>March, 2013</b> | As at 31st<br>March, 2012 |
|--|-----------------------------------|---------------------------|
|  | <b>Rupees</b>                     | Rupees                    |
| <b>AUTHORISED</b>  |                                   |                           |
| <b>20000000</b> (20000000) Equity Shares of Rs. 10 each              | <b><u>200000000</u></b>           | <b><u>200000000</u></b>   |
| <b>ISSUED, SUBSCRIBED AND PAID UP</b>                                |                                   |                           |
| <b>15153850</b> (15153850) Equity Shares of Rs.10 each fully paid up | <b><u>151538500</u></b>           | <b><u>151538500</u></b>   |

a) Shareholders holding more than 5% of shares

| Name of the shareholder | As at 31st March 2013 |              | As at 31st March 2012 |              |
|-------------------------|-----------------------|--------------|-----------------------|--------------|
|                         | 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 Surplus 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 Directors, 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<br>March, 2012 | <b>Addition during<br/>the year</b> | As at 31st<br>March, 2013 |
|----------------------------|---------------------------|-------------------------------------|---------------------------|
|                            | Rupees                    | Rupees                              | Rupees                    |
| Securities Premium Reserve | 127062200                 | -                                   | <b>127062200</b>          |
| NBFC Reserve Fund          | 16427862                  | -                                   | <b>16427862</b>           |
| Profit and Loss Account    | (4503582)                 | <b>(12158137)</b>                   | <b>(16661719)</b>         |
|                            | <u>138986480</u>          | <u>(12158137)</u>                   | <u>126828343</u>          |





#### NOTE 4 : SHORT TERM BORROWINGS

|  |               | <b>As at 31st<br/>March, 2013</b> | As at 31st<br>March, 2012 |
|--|---------------|-----------------------------------|---------------------------|
|  |               | <b>Rupees</b>                     | Rupees                    |
| 12.5% Fully Convertible Debentures<br><b>2272</b> (2272) Debentures of Rs.125 each | <b>284000</b> |                                   |                           |
| Less: Allotment money in arrears   | <b>142000</b> | <b>142000</b>                     | 142000                    |
| Intercorporate Loans   |               |                                   |                           |
| From Related Parties   |               | <b>2500000</b>                    | 2500000                   |
| From Others  |               | <b>98836978</b>                   | 256622818                 |
|  |               | <b>101478978</b>                  | 259264818                 |

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

|  |  | <b>As at 31st<br/>March, 2013</b> | As at 31st<br>March, 2012 |
|--|--|-----------------------------------|---------------------------|
|  |  | <b>Rupees</b>                     | Rupees                    |
| Interest accrued and due on borrowings     |  | <b>4805161</b>                    | 4533819                   |
| Interest accrued but not due on borrowings |  | <b>10799076</b>                   | 9201975                   |
| Income received in advance                 |  | <b>72581</b>                      | 72581                     |
| Advances and Deposits                      |  | <b>35225000</b>                   | 65000000                  |
| TDS payable                                |  | <b>965068</b>                     | 1116274                   |
| Other Liabilities for expenses             |  | <b>1429621</b>                    | 2026586                   |
|  |  | <b>53296507</b>                   | 81951235                  |

No amount is due to micro and small enterprises

#### NOTE 6 : SHORT TERM PROVISIONS

|                                |  | <b>As at 31st<br/>March, 2013</b> | As at 31st<br>March, 2012 |
|--------------------------------|--|-----------------------------------|---------------------------|
|                                |  | <b>Rupees</b>                     | Rupees                    |
| Provision for Leave Encashment |  | <b>565694</b>                     | 507322                    |
|                                |  | <b>565694</b>                     | 507322                    |

**NOTE 7 : FIXED ASSETS**

| DESCRIPTION                   | GROSS BLOCK                         |   |                                      | DEPRECIATION                        |                                     |                              | NET CARRYING VALUE                               |                                     |                                     |
|-------------------------------|-------------------------------------|---|--------------------------------------|-------------------------------------|-------------------------------------|------------------------------|--|-------------------------------------|-------------------------------------|
|                               | As at 31st<br>March, 2012<br>Rupees | Additions<br>during the<br>year<br>Rupees | Sold<br>during the<br>year<br>Rupees | As at 31st<br>March, 2013<br>Rupees | As at 31st<br>March, 2012<br>Rupees | During<br>the year<br>Rupees | Adjustments<br>On Sales<br>March, 2013<br>Rupees | As at 31st<br>March, 2013<br>Rupees | As at 31st<br>March, 2012<br>Rupees |
| Land                          | 3425098                             | -   | -                                    | 3425098                             | -                                   | -                            | -  | 3425098                             | 3425098                             |
| Building                      | 28865465                            | -   | -                                    | 28865465                            | 5845433                             | 470506                       | -  | 22079020                            | 22549526                            |
| Vehicles                      | 933869                              | 817804                                    | -                                    | 1751673                             | 422200                              | 73562                        | -  | 1206809                             | 462567                              |
| Furniture & Office Equipments | 3017439                             | -   | 1565652                              | 1451787                             | 1968652                             | 88937                        | 1057104  | 315645                              | 913130                              |
| Computers                     | 637768                              | -   | 72500                                | 565268                              | 361686                              | 63351                        | 72100  | 142411                              | 206162                              |
| <b>TOTAL</b>                  | 36879639                            | 817804                                    | 1638152                              | 36059291                            | 9323156                             | 696356                       | 1129204  | 27168983                            | 27556483                            |
|                               | (36895232)                          | (17100)                                   | (32693)                              | (36879639)                          | (8597971)                           | (742936)                     | (17750)  | (27556483)                          | (28297262)                          |



## NOTE 8 : NON CURRENT INVESTMENTS

|  | As at 31st<br>March, 2013 | As at 31st<br>March, 2012 |
|--|---------------------------|---------------------------|
|  | Rupees                    | Rupees                    |
| <b>NON - TRADE (AT COST)</b>   |                           |                           |
| <b>(I) (Unquoted)</b>  |                           |                           |
| <b>In Associate</b>  |                           |                           |
| 7200 (7200) Equity Shares of Rs.10 each<br>fully paid of Carma Arts & Crafts Private Limited.  | 478800                    | 478800                    |
| 1533333(Nil) Equity Shares of Rs.10 each<br>fully paid of Boutique Hotels India Private Limited.   | 60000000                  | -                         |
| <b>TOTAL (I)</b>   | <u>60478800</u>           | <u>478800</u>             |
| <b>(II) (Quoted)</b>   |                           |                           |
| <b>In Promotee Company</b>   |                           |                           |
| 4107000 (5607000) Ordinary Shares of Rs.10 each<br>fully paid of The Sirpur Paper Mills Limited  | 280490309                 | 343817523                 |
| <b>In Others</b>   |                           |                           |
| 3750 (3750) Equity Shares of Rs. 10 each<br>fully paid of Hindustan Commercial Investment Trust Ltd.   | 25000                     | 25000                     |
| 140 (140) Equity Shares of Rs.10 each fully paid of<br>Andhra Pradesh Paper Mills Limited  | 14671                     | 14671                     |
| 384 (384) 6.75% Tax Free US 64 Bonds of Rs. 100<br>each fully paid of Unit Trust of India.   | 38400                     | 38400                     |
| <b>TOTAL (II)</b>  | <u>280568380</u>          | <u>343895594</u>          |
| <b>TOTAL A (I + II)</b>  | <u>341047180</u>          | <u>344374394</u>          |
| Less : Diminution in value of Investments  | <u>25000</u>              | <u>25000</u>              |
|  | <u>341022180</u>          | <u>344349394</u>          |
| a) Aggregate value of<br>Quoted Investments  | 280568380                 | 343895594                 |
| Unquoted Investments   | 60478800                  | 478800                    |
| b) Market value of Quoted Investments  | 102740399                 | 199392709                 |
| c) Undertaking for non disposal of 4107000 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<br>March, 2013 | As at 31st<br>March, 2012 |
|------------------------------------|---------------------------|---------------------------|
|                                    | Rupees                    | Rupees                    |
| <b>Deferred Tax Liability :</b>    |                           |                           |
| Depreciation                       | 190233                    | 290451                    |
|                                    | <u>190233</u>             | <u>290451</u>             |
| <b>Deferred Tax Assets</b>         |                           |                           |
| Losses under Income Tax Act        | 19611495                  | 21682744                  |
| Disallowances under Income Tax Act | 174799                    | 156762                    |
|                                    | <u>19786294</u>           | <u>21839506</u>           |
| <b>Deferred Tax Assets (Net)</b>   | <u>19596061</u>           | <u>21549055</u>           |

**NOTE 10 : OTHER NON CURRENT ASSETS**

|                         | <b>As at 31st<br/>March, 2013</b> | As at 31st<br>March, 2012 |
|-------------------------|-----------------------------------|---------------------------|
|                         | <b>Rupees</b>                     | Rupees                    |
| Share Application Money | -                                 | 60000000                  |
|                         | <b>-</b>                          | <b>60000000</b>           |

**NOTE 11 : CURRENT INVESTMENTS**

|  | <b>As at 31st<br/>March, 2013</b> | As at 31st<br>March, 2012 |
|--|-----------------------------------|---------------------------|
|  | <b>Rupees</b>                     | Rupees                    |
| <b>Quoted</b><br>(At Cost or fair value whichever is less)<br>In Mutual Funds<br>Morgan Stanley Liquidity Fund | <b>5940946</b>                    | 5100000                   |
|  | <b>5940946</b>                    | <b>5100000</b>            |

 NAV of Mutual Fund as on 31st March, 2013 **Rs 6027641**(5202232)

**NOTE 12 : INVENTORIES**

|  | <b>As at 31st<br/>March, 2013</b> | As at 31st<br>March, 2012 |
|--|-----------------------------------|---------------------------|
|  | <b>Rupees</b>                     | Rupees                    |
| Stock in trade (As per inventories taken, valued at cost or net realisable value, which ever is lower and certified by the management) |                                   |                           |
| <b>Shares &amp; Securities - Quoted</b>  |                                   |                           |
| <u>No of Shares</u> <u>Name of the Company</u>   |                                   |                           |
| 1600      Atul Glass Products Ltd.   | <b>72960</b>                      | 72960                     |
| 10000      Divya Chemicals Ltd.  | <b>22960</b>                      | 22960                     |
| 300      Haryana Suraj Malting Ltd.  | <b>449</b>                        | 449                       |
| 5@      Indian Petrochemicals Corporation Ltd.   | <b>651</b>                        | 651                       |
| 41300      Kings Inter.Aqua Marine Export Ltd  | <b>20614</b>                      | 20614                     |
| 8000      Mansarovar Paper & Industries Ltd.   | <b>11979</b>                      | 11979                     |
| 4400      Modern Insulators Ltd.   | <b>10103</b>                      | 10103                     |
| 700      Norplex Oak India Ltd.  | <b>8358</b>                       | 8358                      |
| 350      Orkay Industries Ltd.   | <b>646</b>                        | 646                       |
| 56      OTIS Elevator Co.(India) Ltd.  | <b>13575</b>                      | 13575                     |
| 7600      Punjab Fibre Ltd.  | <b>45522</b>                      | 45522                     |
| 2000      Salem Textiles & Ind. Ltd.   | <b>23959</b>                      | 23959                     |
| 133      Shri Chamundeshwari Sugar Ltd.  | <b>995</b>                        | 995                       |
| 100 @      UTI Master Plus   | <b>1561</b>                       | 1561                      |
| 200 @      Vatsa Finance Corporation Ltd.  | <b>270</b>                        | 270                       |
| 340      Volex Leasing & Electronics Ltd.  | <b>1690</b>                       | 1690                      |
| 2      ICICI Bank  | <b>2084</b>                       | 1775                      |
|  | <b>238376</b>                     | <b>238067</b>             |
| Market Value of quoted Shares  | <b>238382</b>                     | 238072                    |

(Where market value is not available, carrying amount has been taken as market value)

@ Not registered in the name of the company.

**NOTE 13 :TRADE RECEIVABLES**

|   | <b>As at 31st<br/>March, 2013</b> | As at 31st<br>March, 2012 |
|---|-----------------------------------|---------------------------|
|   | <b>Rupees</b>                     | Rupees                    |
| (Unsecured, considered good)<br>Debts outstanding for a period exceeding six months | <b>3506000</b>                    | 3506000                   |
|   | <b>3506000</b>                    | <b>3506000</b>            |



## NOTE 14 :CASH AND CASH EQUIVALENTS

|   | <b>As at 31st<br/>March, 2013</b> | <b>As at 31st<br/>March, 2012</b> |
|---|-----------------------------------|-----------------------------------|
|   | <b>Rupees</b>                     | <b>Rupees</b>                     |
| Cash in hand<br>(As per books & certified)            | <b>29815</b>                      | 35075                             |
| Balances with Scheduled Banks:<br>In Current Accounts | <b>164403</b>                     | 428705                            |
|   | <b>194218</b>                     | 463780                            |

## NOTE 15 : SHORT TERM LOANS AND ADVANCES

|   | <b>As at 31st<br/>March, 2013</b> | <b>As at 31st<br/>March, 2012</b> |
|---|-----------------------------------|-----------------------------------|
|   | <b>Rupees</b>                     | <b>Rupees</b>                     |
| Loans and Advances<br>(Unsecured,considered good) |                                   |                                   |
| To Related Parties                                | <b>9607750</b>                    | 8550000                           |
| To Others   | <b>20977250</b>                   | 155116743                         |
|   | <b>30585000</b>                   | 163666743                         |

## NOTE 16 : OTHER CURRENT ASSETS

|  | <b>As at 31st<br/>March, 2013</b> | <b>As at 31st<br/>March, 2012</b> |
|--|-----------------------------------|-----------------------------------|
|  | <b>Rupees</b>                     | <b>Rupees</b>                     |
| Interest accrued on loans  | <b>2446357</b>                    | 3515519                           |
| Advances recoverable in cash or in kind<br>or for value to be received | <b>67826</b>                      | 495136                            |
| Income tax payments and tax deducted at source<br>(net of provisions)  | <b>2886287</b>                    | 1752390                           |
| Security and Other Deposits  | <b>55788</b>                      | 55788                             |
|  | <b>5456258</b>                    | 5818833                           |

## NOTE 17 : REVENUE FROM OPERATIONS

|  | <b>As at 31st<br/>March, 2013</b> | <b>As at 31st<br/>March, 2012</b> |
|--|-----------------------------------|-----------------------------------|
|  | <b>Rupees</b>                     | <b>Rupees</b>                     |
| Sale of Shares & Securities                                    | -                                 | 18                                |
| Interest Income -Tax deducted at source Rs 733937 (Rs 1271050) | <b>7974130</b>                    | 12717301                          |
|  | <b>7974130</b>                    | 12717319                          |

## NOTE 18 : OTHER INCOME

|  | <b>As at 31st<br/>March, 2013</b> | As at 31st<br>March, 2012 |
|--|-----------------------------------|---------------------------|
|  | <b>Rupees</b>                     | Rupees                    |
| Interest -Tax deducted at source Rs NIL (Rs 23109) | -                                 | 258612                    |
| Dividend   | 593                               | 168                       |
| Rent -Tax deducted at source Rs 399960 (Rs 362400) | 3999600                           | 3769920                   |
| Miscellaneous Income                               | 6584912                           | 4222                      |
| Sundry Balances Written back (net)                 | 33498                             | -                         |
| Profit on Sale of Investments                      | 2162967                           | -                         |
|  | <u>12781570</u>                   | <u>4032922</u>            |

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

## NOTE 19 : CHANGES IN INVENTORY OF STOCK IN TRADE

|   | <b>As at 31st<br/>March, 2013</b> | As at 31st<br>March, 2012 |
|---|-----------------------------------|---------------------------|
|   | <b>Rupees</b>                     | Rupees                    |
| <b>Opening Inventory</b>                |                                   |                           |
| Shares & Securities                     | <b>238067</b>                     | 238518                    |
| <b>Less: Closing Inventory</b>          |                                   |                           |
| Shares & Securities                     | <b>238376</b>                     | 238067                    |
| <b>Decrease/(Increase) in Inventory</b> | <b>(309)</b>                      | 451                       |

## NOTE 20 : EMPLOYEE BENEFITS EXPENSE

|  | <b>As at 31st<br/>March, 2013</b> | As at 31st<br>March, 2012 |
|--|-----------------------------------|---------------------------|
|  | <b>Rupees</b>                     | Rupees                    |
| Salaries, Bonus & Allowances   | <b>2242386</b>                    | 2400017                   |
| Contribution to Provident & Allied Funds<br>(including Administration Charges) | <b>98550</b>                      | 103753                    |
| Contribution to Gratuity Fund  | <b>2691</b>                       | 2625                      |
| Welfare Expenses   | <b>166114</b>                     | 200125                    |
|  | <u><b>2509741</b></u>             | <u>2706520</u>            |

## NOTE 21 : OTHER EXPENSES

|                              | <b>As at 31st<br/>March, 2013</b> | As at 31st<br>March, 2012 |
|------------------------------|-----------------------------------|---------------------------|
|                              | <b>Rupees</b>                     | Rupees                    |
| Rent                         | <b>468358</b>                     | 459789                    |
| Rates & Taxes                | <b>10041</b>                      | 13851                     |
| Insurance                    | <b>17379</b>                      | 15784                     |
| Directors' Meeting Fee       | <b>36000</b>                      | 28000                     |
| Travelling & Conveyance      | <b>257702</b>                     | 522729                    |
| Vehicles' Expenses           | <b>170668</b>                     | 224558                    |
| Printing & Stationery        | <b>196162</b>                     | 190741                    |
| Postage & Telephone Expenses | <b>228821</b>                     | 236527                    |
| Legal & Professional Charges | <b>1320101</b>                    | 647372                    |
| Advertisement Expenses       | <b>71380</b>                      | 52479                     |
| Miscellaneous Expenses       | <b>521555</b>                     | 218975                    |
| Auditors' Remuneration :     |                                   |                           |
| As Audit Fee                 | <b>28090</b>                      | 27575                     |
| For Tax Audit                | <b>5618</b>                       | 5515                      |
| For Certification            | <b>7023</b>                       | 6618                      |
| Repairs and Maintenance :    | <u>                    </u>       |                           |
| On Others                    | <b>204348</b>                     | 204940                    |
| Loss on Sale of Fixed Assets | <b>208948</b>                     | 7943                      |
| Sundry Balances Written Off  | <b>-</b>                          | 84128                     |
|                              | <u><b>3752194</b></u>             | <u>2947524</u>            |

# PROXY FORM

## ARAVALI SECURITIES & FINANCE LIMITED

Regd. Office: Institutional Area, Plot No. 39, Sector-44, Gurgaon-122003.

I/We.....

of.....

being a member of the above named Company hereby appoint Mr/Ms.....

of.....

or failing him / her Mr/ Ms.....

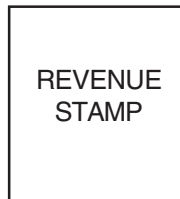
of.....

as my/our proxy to attend and vote for me/us and on my/our behalf at the 33rd ANNUAL GENERAL MEETING of the Company to be held at 11.00 A.M. on Monday, the 30th September 2013 at Plot No. 371, Udyog Vihar, Phase-VI, Sector-37, Gurgaon-122001(Haryana)

Date.....

Signed.....

Reg. Folio No.....



ATTESTED SIGNATURE OF PROXY

NOTE : To be effective, proxy must reach the Company's Registered Office not less than 48 hours before the Meeting.

## ARAVALI SECURITIES & FINANCE LIMITED

Regd. Office: Institutional Area, Plot No. 39, Sector-44, Gurgaon-122003.

### ATTENDANCE SLIP

TO BE HANDED OVER AT THE ENTRANCE OF THE MEETING VENUE

LEDGER FOLIO NO.....

DP ID NO\* .....CLIENT ID NO\* .....

\*Applicable to members holding shares in electronic form.

| *Member/Proxy Holder Name | *Father's/Husband's Name | Signature (s) |
|---------------------------|--------------------------|---------------|
|                           |                          |               |
|                           |                          |               |

\* STRIKE OUT WHICH EVER IS NOT APPLICABLE

I hereby record my presence at the 33rd Annual General Meeting of the Company at Plot No. 371, Udyog Vihar, Phase-VI, Sector-37, Gurgaon-122001(Haryana) on Monday, the 30th September 2013 at 11.00 A.M.

Signature of Member/Proxy  
(To be signed at the time of handing over this slip)

NOTE : SHARE HOLDER/PROXY HOLDERS DESIRING TO ATTEND THE MEETING SHOULD BRING HIS/HER COPY OF ANNUAL REPORT FOR REFERENCE AT THE MEETING.

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