



ARAVALI SECURITIES & FINANCE LIMITED

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

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Phone no.: +91-124-4888111 Fax: +91-124-4888101

CIN: L67120HR1980PLC039125



NOTICE

Notice is hereby given that the 34th Annual General Meeting of the members of Aravali Securities & Finance Limited will be held on Tuesday, the 30th day of September, 2014, 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 consider and adopt the Financial Statements of the Company for the year ended 31st March, 2014 including audited Balance Sheet as at 31st March, 2014, the Statement of Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a director in place of Mr. Devashish Poddar (DIN:00457349), who retires by rotation and being eligible, offers himself for re-appointment.
3. To re-appoint auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the 37th Annual General Meeting of the Company and to fix their remuneration and pass the following resolution thereof:

"RESOLVED THAT pursuant to the provisions of Section 139 of the Companies Act, 2013 and the Rules framed there under and pursuant to the recommendations of the Audit Committee of the Board of Directors, M/s. Salarpuria & Partners, Chartered Accountants, New Delhi, (Firm Registration No. 302113E) be and are hereby re-appointed as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the Thirty Seventh (37th) Annual General Meeting of the Company to be held in the year 2017, subject to ratification by the members at every subsequent Annual General Meeting, at such remuneration as may be fixed by the Board of Directors of the Company."

SPECIAL BUSINESS:

4. To appoint Mr. R.A.Kila (DIN: 00326165) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 149, 152, all other applicable provisions of the Companies Act, 2013 (Act) and the Rules framed there under, read with Schedule IV to the Act and Listing Agreement, Mr. R. A. Kila (DIN: 00326165), a Non-Executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act, who is eligible for appointment and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years for a term up to the conclusion of the 39th Annual General Meeting of the Company in the calendar year 2019."

5. To appoint Mr. Naresh Birla (DIN: 02902650) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 149, 152, all other applicable provisions of the Companies Act, 2013 (Act) and the Rules framed there under, read with Schedule IV to the Act and Listing Agreement, Mr. Naresh Birla (DIN: 02902650), a Non-Executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act, who is eligible for appointment and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years for a term up to the conclusion of the 39th Annual General Meeting of the Company in the calendar year 2019."

6. To appoint Mr. Ashok Kumar Sharma (DIN: 03558843) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 149, 152, all other applicable provisions of the Companies Act, 2013 (Act) and the Rules framed there under, read with Schedule IV to the Act and Listing Agreement, Mr. Ashok Kumar Sharma (DIN: 03558843), a Non-Executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act, who is eligible for appointment and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years for a term up to the conclusion of the 39th Annual General Meeting of the Company in the calendar year 2019."

7. To appoint Mrs. Malvika Poddar (DIN: 00457245) as Director of the Company and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT Mrs. Malvika Poddar (DIN: 00457245), who was appointed as an Additional Director of the Company by the Board of Directors w.e.f August 13, 2014 pursuant to the provisions of Section 161 of the Companies Act, 2013 (Act) and Articles of Association of the Company and whose term of office expires at this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing her candidature for the office of Director, be and is hereby appointed as a Director of the Company liable to retire by rotation."

8. To fix the limit of borrowing of the Company and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT in supersession of the resolution passed under Section 293(1)(d) of the erstwhile Companies Act, 1956 and pursuant to Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modifications or re-enactment thereof), consent of the Company be and is hereby accorded to the Board of Directors (hereinafter referred to as 'the Board' which term shall be deemed to include any Committee thereof), to borrow moneys in excess of the aggregate of the paid up share capital and free reserves of the Company, provided that the total amount borrowed and outstanding at any point of time, apart from temporary loans obtained/ to be obtained from the Company's bankers in the ordinary course of business, shall not be in excess of Rs. 40 crore (Rupees forty crore only) over and above the aggregate of the paid up share capital and free reserves of the Company.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all acts, deeds, matters and things and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

9. To approve and adopt new Articles of Association of the Company and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 14 and all other applicable provisions of the Companies Act, 2013 read with rules framed there under (including any statutory modification(s) or re- enactment thereof, for the time being in force), the draft regulations contained in the Articles of Association submitted to this meeting be and are hereby approved and adopted in substitution, and to the entire exclusion, of the regulations contained in the existing Articles of Association of the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

Place: Gurgaon, Haryana
Dated : 30th August,2014.

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

Sd/-

ANURADHA RAWAT
Company Secretary
(ACS-28185)



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. The proxy need not be a member. The instrument appointing proxy should however be deposited at the registered office of the Company not later than 48 hours before the commencement of the meeting.

A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
2. An explanatory statement pursuant to Section 102 of the Companies Act, 2013 in respect to Item no. 4 to 9 of the notice, is annexed hereto.
3. The details under Clause 49 of the Listing Agreement with the Stock Exchanges in respect of Director's seeking appointment / re-appointment at the Annual General Meeting, is annexed hereto.
4. Corporate members intending to send their authorized representatives to attend the meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
5. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, the 26th day of September, 2014 to Tuesday, the 30th day of September, 2014 (both days inclusive).
6. Members/Proxies should bring the admission slip duly filled in for attending the Meeting along with their copy of the report and accounts.
7. 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.
8. All documents referred to in the accompanying notice and explanatory statement will be kept open for inspection at the Registered Office of Company on all working days between 11.00 a.m to 1.00 p.m upto the date of Annual General Meeting.
9. 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).
10. 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.
11. 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.
12. Members holding the shares in physical mode are requested to notify immediately the change of their address and bank particulars to the R & T Agent of the Company. In case shares held in dematerialized form, the information regarding change of address and bank particulars should be given to their respective Depository Participant.
13. 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 20 of the Companies Act, 2013.

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.

14. E-voting Facility

The Company has also provided e-voting facility to its members to enable them to exercise their right to vote at the 34th AGM through electronic means. The Company has engaged National Securities Depository Limited ("NSDL") to provide e-voting facility to the members of the Company.

The instructions for e-voting are as under:

- A. In case a member receives e-mail from NSDL (for Members whose e-mail addresses are registered with the Company/ Depository Participants), the member should open the PDF file attached with the e-mail. The said PDF file contains his/ her user ID and password for e-voting. Please note that the password is an initial password.
- B. In case a member receives AGM Notice in physical form (for Members whose email addresses are not registered with the Company/Depository Participants), the user ID and initial password for e-voting is provided on the covering letter enclosed with the Annual Report.
- C. The following steps should be followed for casting the vote through e-voting (In both the cases mentioned at Sr. No. 14 (A) & 14 (B) above):
- i) Open the internet browser and type the following URL: <https://www.evoting.nsdl.com>
 - ii) Click on Shareholder - Login.
 - iii) If you are already registered with NSDL for e-voting then you can use your existing user ID and password.
 - iv) If you are logging in for the first time, please enter the user ID and password provided through e-mail (as per Sr. No. 14 (A) above) or in physical form (as per Sr. No. 14 (B) above), as the case may be.
 - v) The Password Change Menu will appear on your screen. Change to a new password of your choice, making sure that it contains a minimum of 8 digits or characters or a combination of both. Please keep your password confidential.
 - vi) Home page of e-voting opens. Click on e-voting> Active Voting Cycles.
 - vii) Select "EVEN" (E-Voting Event Number) of Aravali Securities & Finance Limited for the purpose of voting in AGM (as mentioned in the covering letter enclosed with the Annual Report). Now you are ready for e-voting as Cast Vote page opens.
 - viii) The voting rights of the shareholders shall be reckoned in proportion to their shares in the total paid up equity share capital of the Company as on August 22, 2014.
 - ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
 - x) Upon confirmation, the message "Vote cast successfully" will be displayed.
 - xi) You can similarly vote in respect of all the Resolutions forming part of the Notice of AGM. The members can login any number of times during the voting period, till they have voted on all the Resolutions.
 - xii) Once the vote on the resolution is cast, the Member shall not be allowed to change it subsequently.
 - xiii) In case of shares held by companies, societies, trusts, etc., they are required to send scanned copy (PDF/JPG format) of the relevant Board Resolution/Authority letter, etc., together with attested specimen signature of the duly authorised signatory(ies) who are authorised to vote, to the Scrutinizer through e-mail at singh_hardev@rediffmail.com with a copy marked to companysecretary@aravalisecurities.com
- D. The e-voting period shall commence on Tuesday, September 23, 2014 (9:00 a.m.) and ends on Thursday, September 25, 2014 (6:00 p.m.). The e-voting module shall be disabled by NSDL for voting thereafter.
- E. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders, available at the downloads section of www.evoting.nsdl.com
- F. The Company has appointed Mr. Hardev Singh, Practicing Company Secretary (Membership No. FCS 6673) as Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- G. The scrutinizer shall, within a period not exceeding three working days from the conclusion of the e-voting period, unblock the votes in the presence of atleast two witnesses not in the employment of the Company and make a scrutinizer's report of the votes cast in favour or against, if any, forthwith to the Chairman of AGM.



- H. The results of resolutions shall be declared at the AGM. The results declared alongwith scrutinizer's report(s) will also be hosted on the Company's website www.aravalisecurities.com and the website of NSDL within two days of passing of the resolutions.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

FOR ITEM NOS. 4 TO 6:

The Company had, pursuant to the provisions of clause 49 of the Listing Agreement entered with the Stock Exchanges, appointed Mr. R. A. Kila, Mr. Naresh Birla and Mr. Ashok Kumar Sharma as Independent Directors at various times, in compliance with the requirements of the clause.

Pursuant to the provisions of Section 149 of the Act, which came into effect from April 1, 2014, every listed public company is required to have at least one-third of the total number of directors as Independent Directors, who are not liable to retire by rotation. Pursuant to clause 49 of the Listing Agreement with Stock Exchanges (come into force w.e.f. 1st October, 2014), an Independent Director cannot hold office for more than two consecutive terms of five years each and any tenure of an Independent Director on the commencement of the Companies Act, 2013 shall not be counted as a term. Hence, the said Independent Directors are proposed to be appointed for a period as mentioned in the respective resolutions from the conclusion of this Annual General Meeting.

Mr. R. A. Kila, Mr. Naresh Birla and Mr. Ashok Kumar Sharma, Independent Directors of the Company, have given a declaration to the Board that they meet the criteria of independence as provided under Section 149(6) of the Act. In the opinion of the Board, each of these directors fulfill the conditions specified in the Act and the Rules framed thereunder for appointment as Independent Directors and they are independent of the management.

Mr. R. A. Kila, Mr. Naresh Birla and Mr. Ashok Kumar Sharma are not disqualified from being appointed as Directors in terms of Section 164 of the Act and have given their consent to act as Directors.

The Company has received notices in writing from members along with the deposit of requisite amount under Section 160 of the Act proposing the candidature of each of Mr. R. A. Kila, Mr. Naresh Birla and Mr. Ashok Kumar Sharma for the office of Directors of the Company.

In compliance with the provisions of Section 149 read with Schedule IV of the Act, the appointment of these directors as Independent Directors is now being placed before the Members for their approval.

The terms and conditions of appointment of the above Directors shall be open for inspection by the Members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday.

Brief resume and other details of the Independent Directors whose appointment is proposed are provided in the annexure to the Explanatory Statement attached herewith.

Mr. R. A. Kila, Mr. Naresh Birla and Mr. Ashok Kumar Sharma are deemed to be interested in the resolutions set out respectively at Item Nos. 4 to 6 of the Notice with regard to their respective appointments.

The Board of Directors recommends the said resolutions for your approval.

Save and except the above, none of the other Directors or any key managerial personnel or any relative of any of the Directors of the Company or the relatives of any key managerial personnel is, in anyway, concerned or interested in the above resolutions.

FOR ITEM NO. 7:

The Board of Directors at its meeting held on August 13, 2014 appointed Mrs. Malvika Poddar, as an Additional Director of the Company. According to the provisions of Section 161 of the Companies Act 2013, she holds office as Director only up to the date of the ensuing Annual General Meeting. As required under Section 160 of the Companies Act, 2013, notice has been received from a member signifying the intention to propose her appointment, as a Director along with the deposit of requisite amount.

Mrs. Malvika Poddar, Bachelor of Business Administration from London. She has a vast experience in the business.

The Board of Directors recommends the said resolution for your approval.

Mrs. Malvika Poddar is deemed to be interested in the said resolution as it relates to her appointment. Mr. Ranjan Kumar Poddar, Chairman & Managing Director and Mr. Devashish Poddar who are her relatives, may be deemed to be concerned or interested in the appointment of Mrs. Malvika Poddar.

None of the other Directors or key managerial personnel or their relatives is, in anyway, concerned or interested in the said resolution.

FOR ITEM NO. 8:

The members of the Company at the Extra-Ordinary General Meeting held on 18th May, 1992 had authorised Board of Directors to exercise borrowing powers the outstanding amount of which at any time shall not exceed in the aggregate Rs. 75 Crore (Rupees seventy five crore only).

Section 180(1)(c) of the Companies Act, 2013 which has replaced Section 293(1)(d) of the Companies Act, 1956 provides that the Board of Directors shall not borrow in excess of the Company's paid up share capital and free reserves, apart from temporary loans obtained from the Company's bankers in the ordinary course of business, except with the consent of the Company accorded by way of a special resolution. Further, as per a clarification issued by the Ministry of Corporate Affairs, the ordinary resolution earlier passed under Section 293(1)(a) of the Companies Act, 1956 will remain valid for a period of one year from the date of notification of Section 180 of the Companies Act, 2013 i.e. upto 11th September, 2014.

Accordingly, it is, therefore, necessary for the members to pass a special resolution under Section 180(1)(c) of the Companies Act, 2013, to enable to the Board of Directors to borrow money the outstanding amount of which at any time shall not exceed in the aggregate Rs.40 Crores (Rupees forty crore only).

The Board of Directors recommends the above resolution for your approval.

None of the Directors or any key managerial personnel or any relative of any of the Directors of the Company or the relatives of any key managerial personnel is, in anyway, concerned or interested in the above resolution.

FOR ITEM NO. 9:

The existing Articles of Association ("AoA") are based on the Companies Act, 1956 and several regulations in the existing AoA contain references to specific Sections of the Companies Act, 1956 and some regulations in the existing AoA are no longer in conformity with the Act.

With the coming into force of the Companies Act, 2013, several regulations of the existing AoA of the Company require alteration or deletion. Accordingly, it is proposed to replace the entire existing AoA by a set of new Articles.

The new AoA to be substituted in place of existing AoA are based on Table 'F' of the Companies Act, 2013 which sets out the model Articles of Association for a Company limited by shares.

The Board of Directors recommends the above resolution for your approval.

None of the Directors or any key managerial personnel or any relative of any of the Directors of the Company or the relatives of any key managerial personnel is, in anyway, concerned or interested in the above resolution.

Place: Gurgaon, Haryana
Dated : 30th August,2014.

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

Sd/-

ANURADHA RAWAT
Company Secretary
(ACS-28185)



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

Name of Director	Mr. R. A. Kila
Date of Birth	02.03.1958
Date of Appointment	25.07.2005
Qualification	Chartered Accountant
Expertise in specific functional area	A practicing Chartered Accountant with decades of professional experience in the various gamuts of audit and other related cases.
Directorship in other Companies	Perfect Capital Services Ltd. Teekay Innovations Pvt. Ltd. Oasis Capital Services Pvt. Ltd.
Committee position held in other Companies	Nil

Name of Director	Mr. Naresh Birla
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.
Directorship in other Companies	India Web Business Ltd.
Committee position held in other Companies	Nil

Name of Director	Mr. Ashok Kumar Sharma
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.
Directorship in other Companies	Nil
Committee position held in other Companies	Nil

Name of Director	Mrs. Malvika Poddar
Date of Birth	13.07.1972
Date of Appointment	13.08.2014
Qualification	BBA from London
Expertise in specific functional area	Well experienced and possess expertise in the business.
Directorship in other Companies	Motto Investment Pvt. Ltd. Carma Arts & Crafts Pvt. Ltd. Carma Creative Pvt. Ltd.
Committee position held in other Companies	Nil

DIRECTORS' REPORT

TO THE MEMBERS

Your Directors take the pleasure in presenting their Report and Audited Financial Statements of the Company along with Auditors' Report thereon for the year ended 31st March, 2014.

WORKING RESULTS

	2013-2014 (Rupees in lacs)	2012-2013 (Rupees in lacs)
Profit before interest, depreciation and taxes	175.82	144.94
Less : Interest	152.28	240.03
Profit/(Loss) before depreciation and taxes	23.54	(95.09)
Less : Depreciation	6.62	6.96
Profit/(Loss) before provision of tax	16.92	(102.05)
Less : Provision for Income Tax		
Current Tax	5.23	-
Deferred Tax	156.98	19.53
In respect of earlier years	0.05	-
Profit/(Loss) after Taxation	(145.34)	(121.58)
Add: Balance brought forward from previous year	(166.62)	(45.04)
BALANCE CARRIED TO BALANCE SHEET	(311.96)	(166.62)

DIVIDEND

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

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW :

Your Company has a profit of Rs. 16.92 lacs after depreciation and interest. Further a provision for income tax in respect of earlier years and deferred tax of Rs. 0.05 lacs and Rs. 156.98 lacs respectively has been made in the accounts. The loss of Rs. 311.96 lacs including brought forward loss of Rs. 166.62 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 is still struggling for its growth in India. The NBFC sector is doing much better all over the world as compared to Asian Countries as the general perception about NBFC in the mind of public is still hazy. Other reason may be the excess regulatory requirements by the Reserve Bank of India which constituted a hurdle for its growth in India. Except few 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:

ASFL appreciates the importance of its people and the key role that they play in achieving objectives through strategy implementation. Our people are equipped with the knowledge, skills and motivation that gives ASFL a leading advantage.

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 :

As per the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Mr. Devashish Poddar (DIN:00457349), Director of the Company retire by rotation and being eligible offer himself for re-appointment.

As per Section 149 and other applicable provisions of the Companies Act, 2013, your Directors are seeking appointment of Mr. R.A.Kila (DIN:00326165), Mr. Naresh Birla (DIN:02902650) and Mr. Ashok Kumar Sharma (DIN:03558843) as Independent Directors for five consecutive years for a term up to the conclusion of the 39th Annual General Meeting of the Company in the calendar year 2019.

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:

The Statutory Auditors of the Company, M/s. Salarpuria & Partners, Chartered Accountants, (Firm Registration No. 302113E), who retire at the conclusion of ensuing Annual General Meeting, being eligible, offer themselves for re-appointment for a term of 3(Three) years in accordance with the provisions of Section 139 of the Companies Act, 2013.

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

PARTICULARS OF EMPLOYEES:

Particulars of employees in accordance with the provisions of Section 217(2A) of the Companies Act, 2013, read with the Companies (Particulars of Employees) Rules, 1975, as amended, are not given, as none of the employees qualify for such disclosure.

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 Certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance is given in Annexure, which is attached hereto and forms part of this Director's 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

Sd/-

Ranjan Kumar Poddar
Chairman & Managing Director
(DIN: 00290949)

Place: Gurgaon, Haryana
Date: 13th August, 2014.



REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

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.

Name of Directors	Executive/ Non Executive Director	Independent Status	No. of Directorships held in other Companies	Committee Position (in other Companies) Chairman /Member	
Mr. Ranjan Kumar Poddar Chairman & Managing Director	Executive	Promoter	Two	Nil	Nil
Mr. Gautam Khaitan*	Non-Executive Director	Promoter Associate	Eleven	Two	Five
Mr. Devashish Poddar Director	Non-Executive	Promoter Associate	Four	Nil	One
Mr. R. A. Kila Director	Non-Executive	Independent	Three	Nil	Nil
Mr. Ashok Kumar Sharma Director	Non-Executive	Independent	Nil	Nil	Nil
Mr. Naresh Birla Director	Non-Executive	Independent	One	Nil	Nil
Mrs. Malvika Poddar** Director	Non-Executive	Promoter Associate	Three	Nil	Nil

*Ceased to be Director of the Company w.e.f July 23, 2014

**Appointed as additional director w.e.f. August 13, 2014

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

Name of Director	No. of board meetings attended during the year 2013-2014	Last AGM attended	No. of equity shares held
Mr. Ranjan Kumar Poddar	3	Yes	Nil
Mr. Gautam Khaitan	1	No	Nil
Mr. Devashish Poddar	2	No	3707092
Mr. R. A. Kila	5	Yes	Nil
Mr. Ashok Kumar Sharma	2	No	Nil
Mr. Naresh Birla	5	Yes	Nil
Mrs. Malvika Poddar	-	No	Nil

Note: During the year, five meeting of the Board of Directors were held on 29th May, 2013, 12th August, 2013, 30th September, 2013, 13th November, 2013 and 12th February 2014.

3. AUDIT COMMITTEE

I. The Audit Committee was constituted on 2nd May 2001. As on 31st March, 2014, 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:

Name of Director	Status	No. of meetings attended
Mr. R. A. Kila	Chairman	Four
Mr. Ranjan Kumar Poddar	Member	Two
Mr. Devashish Poddar	Member	Two
Mr. Naresh Birla	Member	Four
Mr. Ashok Kumar Sharma	Member	Two

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

II. Terms of Reference:

The Audit Committee is to oversee the Company's financial reporting process and disclosure of its financial information, to recommend the appointment of Statutory Auditors and fixation of their fees, to review and discuss with the Auditors about internal control systems, the scope of Audit including the observations of the Auditors, adequacy of the internal audit system, major accounting policies, practices and entries, compliances with accounting standards and Listing Agreement entered into with the Stock Exchange and other legal requirements concerning financial statements. It is to review the Company's financial and risk management policies and discuss with the Auditors any significant findings for follow-up thereon and to review the Quarterly, Half Yearly and Annual financial statements before they are submitted to the Board of Directors.



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

4. REMUNERATION COMMITTEE

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

Details of directors' remuneration paid for the year 2013-2014.

(a) Executive Director Nil

(b) Non Executive Directors

Name of Director	Sitting Fees paid during 2013-14
Mr. Gautam Khaitan	Rs. 2000
Mr. R. A. Kila	Rs.10000
Mr. Devashish Poddar	Rs. 4000
Mr. Naresh Birla	Rs.10000
Mr. Ashok Kumar Sharma	Rs. 4000
Mrs. Malvika Poddar	NIL

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, 2014 comprises of one executive and two non-executive directors.

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

Name of Director	Status	No. of meetings attended
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, 2 letters/complaints were received from the shareholders. The same were replied/resolved to the satisfaction of the shareholders.

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

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

6. GENERAL BODY MEETINGS

Details of General Body Meetings:

Year	Date	Day	Time	Venue
2012-13	30th September, 2013	Monday	11.00 A.M.	Plot No. 371, Udyog Vihar, Phase VI, Sector 37, Gurgaon-122 001
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

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. 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.
3. 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.
4. 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 Tuesday, the 30th day of September 2014 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
26.09.2014 To 30.09.2014 (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 BSE : 512344

7. Stock Market Price data for the year 2013 - 2014

Share Price On BSE

Month	HIGH (Rs.)	LOW (Rs.)
April, 2013	9.60	8.50
May, 2013	10.68	9.09
June, 2013	11.00	10.50
July, 2013	10.46	8.14
August, 2013	8.84	6.99
September, 2013	8.00	7.00
October, 2013	9.08	6.67
November, 2013	11.38	9.42
December, 2013	10.21	5.65
January, 2014	9.75	7.18
February, 2014	8.65	7.05
March, 2014	9.24	6.44

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-110 020

9. (a) Distribution of Shareholding as on 31st March, 2014

Number of equity share held	Number of Share holders	Percentage (%)	Number of equity shares held	Percentage (%)
1 to 500	14884	90.54	2122703	14.01
501 to 1000	830	5.05	665318	4.39
1001 to 2000	352	2.14	523341	3.45
2001 to 3000	124	0.75	314993	2.08
3001 to 4000	45	0.27	164234	1.09
4001 to 5000	52	0.32	247377	1.63
5001 to 10000	75	0.46	536592	3.54
10001 and above	78	0.47	10579292	69.81
Total	<u>16440</u>	<u>100.00</u>	<u>15153850</u>	<u>100.00</u>

(b) Categories of Shareholders as on 31st March, 2014

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	0.05	13205	0.09
iv) Non Resident Indians	19	0.12	37889	0.25
v) Other Bodies Corporate	182	1.11	1592997	10.51
vi) Others	16226	98.70	7377896	48.69
Total	<u>16440</u>	<u>100%</u>	<u>15153850</u>	<u>100%</u>

10. Dematerialisation of shares and liquidity

Trading in shares of ASFL is permitted only in dematerialised form as per circular issued by the Securities and Exchange Board of India (SEBI) and 83.35% of the Equity shares of the Company have been dematerialised upto 31st March, 2014.

11. The address for correspondence are as mentioned below :

Registered Office

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



12. Non Mandatory requirements

- I. At present, the Company has a permanent Chairman and a separate office is maintained for him.
- II. As the financial performance of the Company is well published, 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 34th Annual General Meeting of the Company.

By Order of the Board of Directors
For ARAVALI SECURITIES & FINANCE LIMITED
Sd/-
Ranjan Kumar Poddar
Chairman & Managing Director
(DIN: 00290949)

Place: Gurgaon, Haryana
Date: 13th August, 2014.

DECLARATION

As provided under clause 49 of the Listing Agreement 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, 2014.

By Order of the Board of Directors
For ARAVALI SECURITIES & FINANCE LIMITED
Sd/-
Ranjan Kumar Poddar
Chairman & Managing Director
(DIN: 00290949)

Place: Gurgaon, Haryana
Date: 13th August, 2014.

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, 2014, 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.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we state that the Shareholders/ Investor Grievance Committee has maintained records to show the investor grievances and certify that as on 31st March, 2014, there were no investor grievances remaining unattended/ pending for more than 30 days.

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

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

Sd/-
KAMAL KUMAR GUPTA
Partner
Membership No. 89190

Place : Camp Gurgaon
Dated : 13th August, 2014



CEO and CFO Certificate

To
The Board of Directors
Aravali Securities & Finance Ltd.
Institutional Area, Plot no. 39,
Sector 44, Gurgaon-122003, Haryana

Dear Sir

- 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, 2014 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 : 13th August, 2014

Sd/-
SUSHIL KUMAR
Chief Financial Officer

Sd/-
RANJAN KUMAR PODDAR
Chairman & Managing Director
DIN: 00290949

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, 2014 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, 2014; 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, 2014 and taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March 2014, 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)

Sd/-

KAMAL KUMAR GUPTA
Partner

Membership No. 89190

Place : Camp Gurgaon
Dated : 28th May, 2014.



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 31st March, 2014)

- 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 11.**
- 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 interest of the Company.

The payment of principal amount and interest in respect of such loan are as per stipulations.
- b. The Company has given loan to a Company covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 100.05 Lacs and the balance outstanding at the close of the year is Rs. 50.00Lacs.

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 interest 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 2014 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 losses as at 31st March 2014 are less than fifty percent of its net worth. The Company has not incurred cash losses in the financial year covered by our audit but has incurred cash losses 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 11.**
- 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)

Sd/-

KAMAL KUMAR GUPTA
Partner
Membership No. 89190

Place : Camp Gurgaon
Dated : 28th May 2014.

BALANCE SHEET AS AT 31ST MARCH, 2014

		As at 31st March, 2014	As at 31st March, 2013
	Note	Rupees	Rupees
EQUITY AND LIABILITIES			
SHARE HOLDERS' FUNDS			
Share Capital	2	151538500	151538500
Reserves and Surplus	3	112293575	126828343
		<u>263832075</u>	<u>278366843</u>
CURRENT LIABILITIES			
Short Term Borrowings	4	35692000	101478978
Other Current Liabilities	5	95355098	53296507
Short Term Provisions	6	626682	565694
		<u>131673780</u>	<u>155341179</u>
TOTAL		<u>395505855</u>	<u>433708022</u>
ASSETS			
NON CURRENT ASSETS			
Fixed Assets			
Tangible Assets	7	26112484	27168983
Non Current Investments	8	341022180	341022180
Deferred Tax Assets (Net)	9	3897604	19596061
		<u>371032268</u>	<u>387787224</u>
CURRENT ASSETS			
Current Investments	10	825056	5940946
Inventories	11	238774	238376
Trade Receivables	12	3506000	3506000
Cash and Cash Equivalents	13	444002	194218
Short Term Loans & Advances	14	15850260	30585000
Other Current Assets	15	3609495	5456258
		<u>24473587</u>	<u>45920798</u>
TOTAL		<u>395505855</u>	<u>433708022</u>

**ACCOUNTING POLICIES AND NOTES ON
FINANCIAL STATEMENTS**

1 to 20

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

DEVASHISH PODDAR

R. A. KILA

NARESH BIRLA

Directors

Place : Camp Gurgaon

Dated : 28th May 2014.

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2014**

		For year ended 31st March, 2014	For year ended 31st March, 2013
	Note	Rupees	Rupees
REVENUE			
Revenue from Operations	16	2633123	7974130
Other Income	17	20767667	12781570
TOTAL REVENUE		23400790	20755700
EXPENSES			
Change in Inventory of Stock in Trade	18	(398)	(309)
Employee Benefits Expense	19	2366894	2509741
Finance Costs			
Interest		15227606	24002861
Depreciation		662111	696356
Other Expenses	20	3452439	3752194
TOTAL EXPENSES		21708652	30960843
PROFIT / (LOSS) BEFORE TAX		1692138	(10205143)
Tax Expense			
Current Tax		523480	-
Deferred Tax		15698457	1952994
In respect of earlier years		4969	-
LOSS FOR THE YEAR		(14534768)	(12158137)
EARNINGS PER EQUITY SHARE			
Basic and Diluted (in Rs)		(0.96)	(0.80)

**ACCOUNTING POLICIES AND NOTES
ON FINANCIAL STATEMENTS**

1 to 20

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

DEVASHISH PODDAR
R. A. KILA
NARESH BIRLA
Directors

Place : Camp Gurgaon
Dated : 28th May 2014.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

	Year ended 31st March 2014		Year ended 31st March 2013	
	Rupees	Rupees	Rupees	Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before tax and extraordinary items		1692138		(10205143)
Adjustment for				
Depreciation	662111		696356	
Dividend on Investments	(600)		(593)	
Loss on Fixed Assets sold/ discarded (Net)	289388		208948	
Provision for Standard Assets as per RBI Prudential Norms	44444		-	
Profit on Sale of Investment	(434110)		(2162967)	
Interest	15227606		24002861	
Employee's Leave Encashment	16544	15805383	58372	22802977
Operating Profit before Working Capital Changes		17497521		12597834
Adjustment for				
Trade & Other Receivables	15134899		134578215	
Inventories	(398)		(309)	
Trade & Other Payables	49267428	64401929	(31601348)	102976558
Cash generated from Operations		81899450		115574392
Interest paid	(22436443)		(21056241)	
Taxes paid	918155	(21518288)	(1133897)	(22190138)
NET CASH FLOW FROM OPERATING ACTIVITIES		60381162		93384254
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	-		(817804)	
Sale of Fixed Assets	105000		300000	
Dividend received on Investments	600		593	
Sale of Investment	20050000		85649235	
Purchase of Investments	(14500000)		(21000000)	
NET CASH FLOW FROM INVESTING ACTIVITIES		5655600		64132024
C. CASH FLOW FROM FINANCING ACTIVITIES				
Increase/(Decrease) in Other borrowings	(65786978)		(157785840)	
NET CASH FLOW FROM FINANCING ACTIVITIES		(65786978)		(157785840)
D. NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		249784		(269562)
CASH AND CASH EQUIVALENT AS AT 31-03-2013		194218		463780
CASH AND CASH EQUIVALENT AS AT 31-03-2014		444002		194218

Note :- Figures in bracket represents outflow

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

DEVASHISH PODDAR

R. A. KILA

NARESH BIRLA

Directors

Place : Camp Gurgaon

Dated : 28th May 2014.



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)

	For year ended 31st March, 2014	Gratuity For year ended 31st March, 2013
I. Net Assets/(Liability) recognised in the Balance Sheet		
As at end of the year		
Present Value of Defined Benefit Obligations (DBO)	626441	531261
Fair Value of Plan Assets	1352571	1243743
Funded Status - Surplus	726130	712482
Net Asset/(Liability) recognised in the Balance Sheet	Nil	Nil
II. Changes in DBO during the year		
Present Value at beginning of the year	531261	604481
Current Service Cost	25681	28900
Interest Cost	42501	48358
Actuarial Losses / (Gains)	26998	1968
Benefits Paid		152446
Present Value at the end of the year	626441	531261
III. Changes in Fair Value of Plan Assets during the year		
Plan Assets at beginning of the year	1243743	1291081
Actual return on Plan Assets	108828	105108
Benefits Paid	-	152446
Plan Assets at the end of the year	1352571	1243743
IV. Components of Employers' expenses		
Current Service Cost	25681	28900
Interest Cost	42501	48358
Expected return on Plan Assets	(108828)	(105108)
Actuarial Losses / (Gains)	26998	1968
Expenses / Income recognised in the Profit & Loss Account	Nil	Nil
V. Actual Contribution and Benefits Payment for the year		
Actual Benefits Payments	-	152446
Actual Contributions	-	-
Discount Rate	8%	8%
Expected return on Plan Assets	9%	9%
Salary Escalation	6%	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

	Associates	Promotee Company	Key Management Personnel
	<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>
Lease / Rent Income	-	1800000	
	(-)	(1800000)	
Interest Income	1511712	-	
	(1825473)	(632877)	
Interest Expenditure	375000	3500000	
	(375000)	(3500000)	
Rent, Office Maintenance, Fooding and Telephone Expenses	-	630744	
	(-)	(677366)	
Remuneration paid			593567
			(599965)
Equity Contribution	-		
	(-)		
Finance provided : Loans given	2950000	-	
	(-)	(2500000)	
Loans received back	7557750	-	
	(-)	(25000000)	
Balances outstanding as on 31.3.2014			
Outstanding/receivables (debit)	6360541	78658	
	(11250676)	(-)	
Outstanding/payable (credit)	2837500	37080214	
	(3270240)	(37072176)	

NOTE 1 : CONTINUED

1.6 Basic and diluted earnings per equity share

	For year ended 31st March, 2014	For year ended 31st March, 2013
Net Loss after tax	(Rs 14534768)	(Rs 12158137)
Weighted average number of equity shares	15153850	15153850
Basic and diluted earnings per equity share	Rs. (0.96)	Rs. (0.80)

1.7 Segment Reporting

	For year ended 31st March, 2014 Rupees	For year ended 31st March, 2013 Rupees
I. Segment Revenues :		
a) Shares & Securities	434710	2163559
b) Financing	5833123	14374130
Total	6267833	16537689
II. Segment Results before Tax, Interest & Other Unallocable Items :		
a) Shares & Securities	403624	2163268
b) Financing	5833123	14374130
Total	6236747	16537398
Less : Interest	15227606	24002861
	(8990859)	(7465463)
Unallocable items :		
Other Unallocable Expenditure	(6449960)	(6957690)
Other Unallocable Income	17132957	4218010
Profit/(Loss) before tax	1692138	(10205143)
Less : Taxes	16237906	1952994
Loss after tax	(14545768)	(12158137)
III. Segment Assets :		
a) Shares & Securities	345592010	350707502
b) Financing	17777390	33031357
c) Unallocable Assets	32136455	49969163
Total	395505855	433708022
IV. Segment Liabilities :		
a) Unallocable Liabilities	87586380	53862201
b) Unallocated Unsecured Loans	44087400	101478978
Total	131673780	155341179

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	43945400	4840002
* 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	17777390	-
3 Break up of Investments (Net of diminution in value of investments)		
a) Current Investments :		
1) Quoted		
- Equity Shares	238774	
- Units of Mutual Funds	825056	
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	Amount Net of Provisions	
	Secured	Unsecured
a) Related Parties		Total
1) Subsidiaries	-	-
2) Companies in the same group	-	-
3) Other related parties	-	6360541
b) Other than related parties	-	11416849
Total	-	17777390
5 Investor group-wise classification of all investments (current and long term)	Market Value Break up Value or Fair Value or NAV	Book Value (net of provisions)
a) Related Parties		
1) Subsidiaries	-	-
2) Companies in the same group	-	-
3) Other related parties	101195962	340969109
b) Other than related parties	1136767	1116901
Total	102332729	342086010

NOTE 1 : CONTINUED

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

1.9 Contingent Liabilities

Sales tax liabilities pending company's appeals/rectifications	Rs. 160969	(Rs. 337538)
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1.10 Quantitative Details

Name of item	Unit	Opening Stocks		Purchases (Less Returns)		Sales (Less Returns)		Closing Stocks	
		Qty.	Amount Rupees	Qty.	Amount Rupees	Qty	Amount Rupees	Qty	Amount Rupees
Shares & Securities	Nos.	77086 (77053)	238376 (238067)	- (33)*	- (-)	- (-)	- (18)**	77086 (77086)	238774 (238376)

* 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.	:	039125	State Code	:	05
Balance Sheet Date	:	31 03 2014			
		Date Month Year			
ii. Capital raised during the year (Amount in Rs. Thousands)					
Public Issue	:	NIL	Right Issue	:	NIL
Bonus Issue	:	NIL	Private Placement	:	NIL
iii. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)					
Total Liabilities	:	395506	Total Assets	:	395506
Sources of Funds :					
Paid-up Capital	:	151538	Reserves and Surplus	:	112294
Secured Loans	:	NIL	Unsecured Loans	:	35692
Current Liabilities	:	95982			
Application of Funds :					
Fixed Assets	:	26112	Investments	:	341022
Current Assets	:	24474	Miscellaneous Expenditure	:	NIL
Deferred Tax Assets	:	3898			
iv. Performance of the Company (Amount in Rs. Thousands)					
Turnover	:	23401	Total Expenditure	:	21709
Profit before Tax	:	1692	Profit after Tax	:	(14535)
Earning per Share in Rs.	:	(0.96)	Dividend Rate	:	NIL
v. Generic Names of three Principal Products/Services of the Company (as per monetary terms)					
PRODUCT DESCRIPTION	:	ITEM CODE NO.			
a) Finance	:	Not Applicable			
b) Investment / Trading in securities	:	Not Applicable			

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

DEVASHISH PODDAR

R. A. KILA

NARESH BIRLA

Directors

Place : Camp Gurgaon

Dated : 28th May 2014.

NOTE 2 : SHARE CAPITAL

	<u>As at 31st March, 2014</u>	<u>As at 31st March, 2013</u>
	Rupees	Rupees
AUTHORISED		
20000000 (20000000) Equity Shares of Rs. 10 each	<u>200000000</u>	<u>200000000</u>
ISSUED, SUBSCRIBED AND PAID UP		
15153850 (15153850) Equity Shares of Rs.10 each fully paid up	<u>151538500</u>	<u>151538500</u>

a) Shareholders holding more than 5% of shares

Name of the shareholder	As at 31st March 2014		As at 31st March 2013	
	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 paid up 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

	<u>As at 31st March, 2013</u>	<u>Addition during the year</u>	<u>As at 31st March, 2014</u>
	Rupees	Rupees	Rupees
Securities Premium Reserve	127062200	-	127062200
NBFC Reserve Fund	16427862	-	16427862
Profit and Loss Account	(16661719)	(14534768)	(31196487)
	<u>126828343</u>	<u>(14534768)</u>	<u>112293575</u>



NOTE 4 : SHORT TERM BORROWINGS

		As at 31st March, 2014	As at 31st March, 2013
		Rupees	Rupees
12.5% Fully Convertible Debentures 2272 (2272) Debentures of Rs.125 each	284000		
Less: Allotment money in arrears	142000	142000	142000
Intercorporate Loans			
From Related Parties		2500000	2500000
From Others		33050000	98836978
		35692000	101478978

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

NOTE 5 : OTHER CURRENT LIABILITIES

		As at 31st March, 2014	As at 31st March, 2013
		Rupees	Rupees
Interest accrued and due on borrowings		4840002	4805161
Interest accrued but not due on borrowings		3555398	10799076
Income received in advance		72581	72581
Advances and Deposits		85000000	35225000
TDS payable		301937	965068
Other Liabilities for expenses		1585180	1429621
		95355098	53296507

No amount is due to micro and small enterprises

NOTE 6 : SHORT TERM PROVISIONS

		As at 31st March, 2014	As at 31st March, 2013
		Rupees	Rupees
Provision for Leave Encashment		582238	565694
Provision for Standard Assets as per RBI Prudential Norms		44444	-
		626682	565694

NOTE 7 : FIXED ASSETS

DESCRIPTION	GROSS BLOCK		DEPRECIATION			NET CARRYING VALUE				
	As at 31st March, 2013 Rupees	Additions during the year Rupees	Sold during the year Rupees	As at 31st March, 2013 Rupees	During the year Rupees	Adjustments On Sales Rupees	Upto 31st March, 2014 Rupees	As at 31st March, 2014 Rupees	As at 31st March, 2013 Rupees	
Land	3425098	-	-	-	-	-	-	3425098	3425098	
Building	28865465	-	-	6786445	470506	-	7256951	21608514	22079020	
Vehicles	1751673	-	933869	817804	80209	539481	85592	732212	1206809	
Furniture & Office Equipments	1451787	-	-	1451787	55336	-	1191478	260309	315645	
Computers	565268	-	-	565268	56060	-	478917	86351	142411	
TOTAL	36059291	-	933869	35125422	8890308	662111	539481	9012938	26112484	27168983
	(36879639)	(817804)	(1638152)	(36059291)	(9323156)	(696356)	(1129204)	(8890308)	(27168983)	(27556483)



NOTE 8 : NON CURRENT INVESTMENTS

	As at 31st March, 2014	As at 31st March, 2013
	Rupees	Rupees
NON - TRADE (AT COST)		
(I) (Unquoted) In Associate		
7200 (7200) Equity Shares of Rs.10 each fully paid of Carma Arts & Crafts Private Limited.	478800	478800
1533333(1533333) Equity Shares of Rs.10 each fully paid of Boutique Hotels India Private Limited.	60000000	60000000
TOTAL (I)	60478800	60478800
(II) (Quoted) In Promotee Company		
4107000 (4107000) Ordinary Shares of Rs.10 each fully paid of The Sirpur Paper Mills Limited	280490309	280490309
In Others		
3750 (3750) Equity Shares of Rs. 10 each fully paid of Hindustan Commercial Investment Trust Ltd.	25000	25000
140 (140) Equity Shares of Rs.10 each fully paid of International Paper APPM Ltd. (Formerly known as Andhra Pradesh Paper Mills Limited)	14671	14671
384 (384) 6.75% Tax Free US 64 Bonds of Rs. 100 each fully paid of Unit Trust of India.	38400	38400
TOTAL (II)	280568380	280568380
TOTAL A (I + II)	341047180	341047180
Less : Diminution in value of Investments	25000	25000
	341022180	341022180
a) Aggregate value of Quoted Investments	280568380	280568380
Unquoted Investments	60478800	60478800
b) Market value of Quoted Investments	62579425	102740399
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 were in lockin for a period of three years from the date of allotment i.e. 28th May, 2010 till 28th May, 2013		

NOTE 9 : DEFERRED TAX ASSETS (NET)

	As at 31st March, 2014	As at 31st March, 2013
	Rupees	Rupees
Deferred Tax Liability :		
Depreciation	80980	190233
	80980	190233
Deferred Tax Assets		
Losses under Income Tax Act	3784939	19611495
Disallowances under Income Tax Act	193645	174799
	3978584	19786294
Deferred Tax Assets (Net)	3897604	19596061

NOTE 10 : CURRENT INVESTMENTS

	As at 31st March, 2014	As at 31st March, 2013
	Rupees	Rupees
Quoted		
(At Cost or fair value whichever is less)		
In Mutual Funds		
Morgan Stanley Liquidity Fund	825056	5940946
	825056	5940946
NAV of Mutual Fund as on 31st March, 2014 Rs 827280 (6027641)		

NOTE 11 : INVENTORIES

	As at 31st March, 2014	As at 31st March, 2013
	Rupees	Rupees
Stock in trade (As per inventories taken, valued at cost or net realisable value, whichever ever is lower and certified by the management)		
Shares & Securities - Quoted		
<u>No of Shares</u>		
<u>Name of the Company</u>		
1600 Atul Glass Products Ltd.	72960	72960
10000 Divya Chemicals Ltd.	22960	22960
300 Haryana Suraj Malting Ltd.	449	449
5@ Indian Petrochemicals Corporation Ltd.	651	651
41300 Kings Inter.Aqua Marine Export Ltd	20614	20614
8000 Mansarovar Paper & Industries Ltd.	11979	11979
4400 Modern Insulators Ltd.	10103	10103
700 Norplex Oak India Ltd.	8358	8358
350 Orkay Industries Ltd.	646	646
56 OTIS Elevator Co.(India) Ltd.	13575	13575
7600 Punjab Fibre Ltd.	45522	45522
2000 Salem Textiles & Ind. Ltd.	23959	23959
133 Shri Chamundeshwari Sugar Ltd.	995	995
100@ UTI Master Plus	1561	1561
200@ Vatsa Finance Corporation Ltd.	270	270
340 Volex Leasing & Electronics Ltd.	1690	1690
2 ICICI Bank	2482	2084
	238774	238376
Market Value of quoted Shares	238782	238382
(Where market value is not available, carrying amount has been taken as market value)		
@ Not registered in the name of the company.		

NOTE 12 :TRADE RECEIVABLES

	As at 31st March, 2014	As at 31st March, 2013
	Rupees	Rupees
(Unsecured, considered good)		
Debts outstanding for a period exceeding six months	3506000	3506000
	3506000	3506000



NOTE 13 :CASH AND CASH EQUIVALENTS

	As at 31st March, 2014	As at 31st March, 2013
	Rupees	Rupees
Cash in hand (As per books & certified)	45964	29815
Balances with Scheduled Banks: In Current Accounts	398038	164403
	444002	194218

NOTE 14 : SHORT TERM LOANS AND ADVANCES

	As at 31st March, 2014	As at 31st March, 2013
	Rupees	Rupees
Loans and Advances (Unsecured,considered good)		
To Related Parties	5000000	9607750
To Others	10850260	20977250
	15850260	30585000

NOTE 15 : OTHER CURRENT ASSETS

	As at 31st March, 2014	As at 31st March, 2013
	Rupees	Rupees
Interest accrued on loans	1927130	2446357
Advances recoverable in cash or in kind or for value to be received	186894	67826
Income tax payments and tax deducted at source (net of provisions)	1439683	2886287
Security and Other Deposits	55788	55788
	3609495	5456258

NOTE 16 : REVENUE FROM OPERATIONS

	As at 31st March, 2014	As at 31st March, 2013
	Rupees	Rupees
Interest Income -Tax deducted at source Rs 370496 (Rs 733937)	2633123	7974130
	2633123	7974130

NOTE 17 : OTHER INCOME

	As at 31st March, 2014	As at 31st March, 2013
	Rupees	Rupees
Interest -Tax deducted at source Rs Nil (Nil)	108619	-
Dividend	600	593
Rent -Tax deducted at source Rs 382500 (Rs 399960)	4050000	3999600
Miscellaneous Income	3397694	6584912
Claims Received	12776644	-
Sundry Balances Written back (net)	-	33498
Profit on Sale of Investments	434110	2162967
	20767667	12781570

Dividend includes Rs NIL (Nil) from Long Term Investments

NOTE 18 : CHANGES IN INVENTORY OF STOCK IN TRADE

	As at 31st March, 2014	As at 31st March, 2013
	Rupees	Rupees
Opening Inventory		
Shares & Securities	238376	238067
Less: Closing Inventory		
Shares & Securities	238774	238376
Decrease/(Increase) in Inventory	(398)	(309)

NOTE 19 : EMPLOYEE BENEFITS EXPENSE

	As at 31st March, 2014	As at 31st March, 2013
	Rupees	Rupees
Salaries, Bonus & Allowances	2136842	2242386
Contribution to Provident & Allied Funds (including Administration Charges)	103944	98550
Contribution to Gratuity Fund	2247	2691
Welfare Expenses	123861	166114
	2366894	2509741

NOTE 20 : OTHER EXPENSES

	As at 31st March, 2014	As at 31st March, 2013
	Rupees	Rupees
Rent	468358	468358
Rates & Taxes	27312	10041
Insurance	25451	17379
Directors' Meeting Fee	30000	36000
Travelling & Conveyance	241801	257702
Vehicles' Expenses	190735	170668
Printing & Stationery	210667	196162
Postage & Telephone Expenses	221842	228821
Legal & Professional Charges	1141596	1320101
Advertisement Expenses	71380	71380
Miscellaneous Expenses	237646	521555
Auditors' Remuneration :		
As Audit Fee	28090	28090
For Tax Audit	5618	5618
For Certification	9383	7023
Repairs and Maintenance : On Others	208728	204348
Loss on Sale of Fixed Assets	289388	208948
Provision for Standard Assets as per RBI Prudential Norms	44444	-
	3452439	3752194