



ARAVALI SECURITIES & FINANCE LIMITED

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



NOTICE

Notice is hereby given that the 33rd Annual General Meeting of the members of Aravali Securities & Finance Limited will be held on Monday, the 30th day of September, 2013, at 11.00 a.m. at Plot No. 371, Udyog Vihar, Phase - VI, Sector 37, Gurgaon, Haryana-122001 to transact the following business.

ORDINARY BUSINESS

1. To receive, consider, approve and adopt the audited Balance Sheet as at 31st March, 2013, and the Profit and Loss account for the year ended on that date together with the Auditors' and Directors' Reports thereon.
2. To appoint auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.
3. To re-appoint Mr. Naresh Birla as director of the Company.
4. To re-appoint Mr. Ashok Kumar Sharma as director of the Company.

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

Dated : 12th August, 2013.

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

sd/-

ANURADHA RAWAT
Company Secretary

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER. PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING. A PROXY FORM IS APPENDED WITH THE ADMISSION SLIP.
2. Corporate members are requested to send a certified copy of the Board Resolution, pursuant to Section 187 of the Companies Act, 1956, authorising their representative to attend and vote at the Annual General Meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, the 28th day of September, 2013 to Monday the 30th day of September, 2013 (both days inclusive).
4. Members are requested to notify immediately any change in their addresses to the Registered Office of the Company situated at Institutional Area, Plot No. 39, Sector 44, Gurgaon, Haryana-122003
5. Members/Proxies should bring the admission slip duly filled in for attending the Meeting along with their copy of the report and accounts.
6. Shareholders seeking any information with regard to accounts are requested to write to the Company at least ten days in advance so as to enable the Company to keep the information ready.
7. The Company has entered into agreement with National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL), for the dematerialisation of securities. The Shareholders can have their shares dematerialised through these depositories.

(Members desiring to have their shares in dematerialised form may send their share certificates through their depository participants, to the Registrar & Share Transfer Agent of the Company namely Skyline Financial Services Pvt. Ltd., D-153/A, 1st Floor Okhla Industrial Area, Phase-I, New Delhi-110 020 Tel. No. 011-26812682,83).
8. Individual members holding shares in physical form on their own behalf singly or jointly can make nomination for their holding. The nomination form will be made available on request. The members holding shares in dematerialised form may contact their depository participants for recording of the nomination for their holding.
9. Members holding shares in the same name(s) under different folio(s) are requested to apply for consolidation of such folios by sending relevant share certificates.
10. The Ministry of Corporate Affairs (MCA) has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the Companies vide Circular dated 21st April, 2011. Accordingly, if the service of documents made through electronic mode will be deemed as sufficient compliance for the purposes of Section 53 of the Companies Act, 1956.

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



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

Name	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.
Other Directorship	India Web Business Ltd.
Committee position held in other Companies	Nil

Name	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.
Other Directorship	Nil
Committee position held in other Companies	Nil

DIRECTORS' REPORT

TO THE MEMBERS

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

WORKING RESULTS

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

DIVIDEND

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

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW :

Your Company has an operational loss of Rs. 102.05 lacs after depreciation and interest. Further a provision for deferred tax of Rs. 19.53 lacs has been made in the accounts. The loss of Rs. 166.62 lacs together with brought forward loss of Rs. 45.04 lacs has been carried to the Balance Sheet.

RESOURCES AND LIQUIDITY :

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

INDUSTRY STRUCTURE AND DEVELOPMENTS :

The Non Banking Financial Companies (NBFC) sector has not been successful in India. The NBFC sector is doing much better all over the world except Asia as the general perception about NBFC in the mind of public is not very good. This has happened due to the reason that NBFC sector was not well regulated in the past and few people took undue advantage of the general public by not returning their principal amount given to NBFC's by way of fixed deposit or as an investment in their



shares. Except one or two NBFC's no other company is working well. This has created a very discouraging situation for the remaining NBFC who have no option except to diversify from its business of financing. Entrance of banks in consumer durable financing as well as in housing finance has brought forth a huge competition and has also added to worst scenario for the NBFC's. This has virtually put a stop on private financing and most of the Non-Banking Finance Companies are out of this business.

BUSINESS REVIEW :

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

OPPORTUNITIES :

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

CHALLENGES :

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

OUTLOOK :

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

RISK AND CONCERNS :

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

ADEQUACY OF INTERNAL CONTROL :

The established Internal Control Systems of your Company are adequate to ensure that all the activities are monitored and controlled against any misuse or misappropriation of asset and that the transactions are authorized, recorded and reported correctly. More so, these internal control systems are regularly monitored by the audit committee of your Company and are improved upon on regular basis.

HUMAN RESOURCE DEVELOPMENT:

The team of experienced industry professionals departs regular training to the employees of the Company.

FIXED DEPOSITS :

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

DIRECTORS :

Mr. Naresh Birla and Mr. Ashok Kumar Sharma, Directors of the Company, retire by rotation under article 133 of the Articles of Association of the Company at the ensuing Annual General Meeting and are eligible for re-election.

DIRECTORS' RESPONSIBILITY STATEMENT :

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

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

AUDITORS AND AUDITORS' REPORT:

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

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

PERSONNEL :

The Company had no employee during the year ended 31st March, 2013, who was in receipt of remuneration of Rs.60.00 lacs or more per annum, if employed for whole of the year or Rs.5.0 lacs or more per month, if employed for part of the year.

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

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

CORPORATE GOVERNANCE :

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

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

ACKNOWLEDGEMENT :

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

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

Ranjan Kumar Poddar
Managing Director

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

Date: 12th August, 2013.

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



REPORT ON CORPORATE GOVERNANCE

The Directors present the Company's report on Corporate Governance

1. The Company's Governance Philosophy

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

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

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

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

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

2. Composition of the board

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

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

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

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

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

3. Audit Committee

- I. The Audit Committee was constituted on 2nd May 2001. As on 31st March, 2013, the Audit Committee comprises of one executive and four non executive directors. Mr. R. A. Kila is the Chairman of the Committee and the Committee met four times during the year and the attendance of the members at the meeting was as follows:

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

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

II. Terms of Reference:

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



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

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

4. Remuneration Committee

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

Details of directors' remuneration paid for the year 2012-2013.

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

Name of Director	Sitting Fees paid during 2012-13
Mr. Gautam Khaitan	NIL
Mr. R. A. Kila	Rs.10000
Mr. Devashish Poddar	Rs. 10000
Mr. Naresh Birla	Rs. 12000
Mr. Ashok Kumar Sharma	Rs. 4000

Note: No remuneration except sitting fees for attending Board Meetings are paid to the non-executive Directors.

No remuneration is paid to any Director for attending Board level Committee meetings.

5. Share Holders Grievance Committee

I. Terms of Reference

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

II. Composition

The Shareholders' Grievance Committee as on 31st March, 2013 comprises of one executive and two non-executive directors.

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

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, 1 letter/complaint was received from the shareholders. The same were replied/resolved to the satisfaction of the shareholders.

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

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

6. General Body Meetings.

Details of General Body Meetings:

Year	Date	Day	Time	Venue
2011-12	29th September, 2012	Saturday	11.00 A.M.	Plot No 321 Udyog Vihar, Phase VI, Sector 37, Gurgaon-122 001
2010-11	30th September, 2011	Friday	11.00 A.M.	Plot No 321 Udyog Vihar, Phase VI, Sector 37, Gurgaon-122 001
2009-10	30th September, 2010	Thursday	11.00 A.M.	Plot No 321 Udyog Vihar, Phase VI, Sector 37, Gurgaon-122 001

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

7. Code of Conduct

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

8. Disclosures

1. During the year, there were no transactions of material nature with the promoters, directors or the management or their subsidiaries or relatives etc. that had potential conflict with the interest of the Company.
2. There were no instances of non-compliance on any matter related to the capital markets, during the last three years except that due to resignation of an independent director, the composition of board of Directors was not as per the requirement of the listing agreement. But it was addressed by appointing two independent directors in the month of May, 2011.
3. In the preparation of the financial statements, the Company has followed the Accounting Standards issued by the Institute of Chartered Accountants of India. The significant accounting policies, which are consistently applied, are disclosed in Note No. 1 to the accounts in the annual report.
4. Business risk evaluation and management is an ongoing process within the Company. During the year under review a detailed exercise on 'Risk Assessment & Management' was carried out covering the entire gamut of business operations and Board was informed of the same.
5. Adoption of non-mandatory requirements of Clause 49 of the Listing Agreement is being reviewed by the Board from time to time.

9. Means of Communication

1. Quarterly results and statutory notices are published in daily newspaper both in Hindi & English language such as The Pioneer, Veer Arjun.
2. Shareholding pattern and the quarterly results are sent on quarterly basis to the Stock Exchanges where Company's securities are listed.
3. Management discussion and analysis is included in Directors' Report which is sent to the shareholders of the Company individually.
4. The Company maintains the official website to display the results and other official news.