

SARVOTTAM FINVEST LIMITED

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34th Annual Report 2012 - 2013

Board of Directors	<p>Manoj Sethia <i>Chairman</i></p> <p>Vijay Kumar Bajoria <i>Independent Director</i></p> <p>Dilip Kumar Gupta <i>Executive Director</i></p>
Board Committees	<p>Audit Committee : Manoj Sethia Vijay Kumar Bajoria Dilip Kumar Gupta</p> <p>Shareholders/Investors Grievances Committee : Manoj Sethia Vijay Kumar Bajoria Dilip Kumar Bajoria</p>
Auditors	M/s. V. Goyal & Associates Chartered Accountants, Kolkata
Bankers	Indusind Bank Limited Royal Bank of Scotland
Registered Office	<p>3, Bentinck Street, 2nd Floor Kolkata -700 001 Telephone : (033) 6536 6663 Fax : (033) 2210 0875</p>
E-mail address for investors	sarvottamfinvest@gmail.com
Website	www.sarvottamfinvest.co.in

Contents

Notice of Annual General Meeting	2	Directors' Report	5	Management Discussion and Analysis Report	8
Report on Corporate Governance	11	Auditors' Report	22	Balance Sheet	26
		Statement of Profit & Loss	27		
Cash Flow Statement	28	Notes to Financial Statements	29	Schedule to Balance Sheet (For NBFC)	38

NOTICE

NOTICE is hereby given that the Thirty Fourth Annual General Meeting of the Members of Sarvottam Finvest Limited, will be held at the Registered Office of the Company at 3, Bentinck Street, 2nd Floor, Kolkata-700001 at 3.00 p.m. on Monday, the 30th September, 2013 to transact the following business :-

AS ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet of the Company as on 31st March, 2013 and the Statement of Profit and Loss for the year ended on that date together with Auditors' Report thereon & Directors' Report.
2. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration. The retiring Auditors M/s. V. Goyal & Associates, Chartered Accountants offers themselves for re-appointment.

AS SPECIAL BUSINESS :

3. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :
"RESOLVED THAT Mr. Dilip Kumar Gupta, be and is hereby appointed as a director of the Company."

By order of the Board

Place: Kolkata

Dated: 30th day of May, 2013

MANOJ SETHIA

Chairman

Explanatory Statement [Pursuant to Section 173(2) of the Companies Act, 1956]

Item No. 3

The Board of Director at its Meeting held on 25th March, 2013, appointed Mr. Dilip Kumar Gupta as an Additional Director to hold office till the ensuing Annual General Meeting of the Company.

A notice has been received from a member under section 257 of the Companies Act, 1956 proposing the appointment of Mr. Dilip Kumar Gupta as a director at the ensuing Annual General Meeting.

Brief Particulars of Mr. Dilip Kumar Gupta as required under Clause 49 of the Listing Agreement, is annexed to this Notice.

Your Directors recommend that the resolution for appointment of Mr. Dilip Kumar Gupta as a Director of the Company be approved by the Member.

Apart from Sri Dilip Kumar Gupta, no other director is concerned with or interested in the said resolution.

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 AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The instrument appointing a Proxy must be deposited with the Company at its Registered Office not less than 48 hours before the time of holding the meeting. Proxies submitted on behalf of Limited Companies, Body Corporate, Societies etc. must be supported by appropriate resolution/authority, as applicable. Blank Proxy form is attached.
3. Corporate members intending to send their Authorized Representative to attend and vote at the meeting are requested to ensure that the Authorized Representative carries a duly certified true copy of the board resolution, Power of Attorney or such other valid authorization, authorizing him to attend and vote at the meeting and any one of the photo identity proofs viz., Driving License, PAN Card, EPIC Card, Passport etc.

Specimen Resolution for the purpose is as under :

“RESOLVED THAT pursuant to the provisions of section 187 and all other applicable provisions, if any, of the Companies Act 1956, Mr.....or failing him Mr..... be and is hereby authorized to act as the representative of (name of corporate member) to attend the 34th Annual General Meeting of **Sarvottam Finvest Limited** to be held on 30th September 2013 at 3, Bentinck Street, 2nd floor, Kolkata-700001 at 3.00 P.M. or at any adjournment thereof, for and on behalf of the company as its representative.

The aforesaid Resolution shall preferably be signed by such Director/ Authorized Signatory of the Corporate Member whose specimen signature has been lodged with the Company.

4. Register of Members of the Company will remain closed from 25.09.2013 to 30.09.2013 (both days inclusive).
5. The Company's Shares are listed on the following Stock Exchanges :
Calcutta Stock Exchange Ltd.
7, Lyons Range, Kolkata – 700 001

6. Brief particulars of the Directors being appointed, nature of his expertise in specific functional areas, names of Indian Public Limited Companies in which he holds Directorship and Membership/ Chairmanship of Board Committees, shareholding and relationships between directors inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges in India, are as given below :

Particular	Mr. Dilip Kumar Gupta
Date of birth	27.07.1983
Date of appointment	25.03.2013
Qualification	B. Com
Expertise in specific functional area	He is a B.Com and has over 5 years of experience in the field of finance & accounts
Directorship held in other companies (excluding foreign companies)	NIL
Membership / Chairmanship of Committees of other Indian Public Companies	NIL
Number of Shares held in the Company	NIL

None of the directors being appointed/re-appointed are related to any other director of the Company.

The Board of Directors of the Company recommends the re-appointment / appointment.

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the 34th Annual Report together with the Audited Statement of Accounts of the Company for the year ended 31st March, 2013.

FINANCIAL PERFORMANCE

(Amount in Lacs)

	31st March 2013	31st March 2012
Profit before tax	1.25	(5.44)
Less : Tax Expense	(0.50)	(0.02)
Profit after tax	1.75	(5.43)
Add : Balance brought forward from previous year	19.61	25.04
Balance available for appropriation	21.36	19.61
Appropriations :		
Transfer to Statutory Reserve u/s 45IC of RBI Act	0.35	–
Balance carried to Balance Sheet	21.01	19.61

DIVIDEND

With a view to conserve resources for growth of company, no dividend is recommended by the Board for the year ended 31st March, 2013.

ALLOTMENT OF EQUITY SHARES ON PREFERENTIAL BASIS

Your Directors are pleased to inform you that during the year under review 7300000 equity shares of Rs.10/- each per share at a premium of Rs.25/- each per share were issued on preferential basis to Promoter group and select Non-promoter investors. These equity shares were allotted in compliance with SEBI (ICDR) Regulation, 2009 and after receipt of requisite approvals. Final Listing Approval from the Calcutta Stock Exchange has been received for the same. Further the total issue proceeds of Rs.25.55 Crores were duly utilized as per the objects of the issue.

MAJOR HIGHLIGHTS DURING THE YEAR

- Implementation of Corporate Governance
- Constitution of Audit Committee
- Constitution of Audit Shareholders/Investors Grievance Committee

PUBLIC DEPOSITS

The Company is registered with Reserve Bank of India as a Non-Deposit taking Non-Banking Finance Company. The Company has neither invited nor accepted/renewed any deposits from the public within the meaning of Section 58A of the Companies Act, 1956 and / or extant regulation of the Reserve Bank of India during the under review. Further the Company has also passed a resolution not to take/invite public deposit during the current year or in future without permission of Reserve Bank of India for the same.

DIRECTORS

Sri Rajkumar Sanganaria relinquished the directorship. The Board places on record its appreciation of valuable services rendered by him during his tenure as Director of the Company.

Sri Dilip Kumar Gupta was appointed as additional director of the Company in the capacity of Executive Director. He holds office till the Conclusion of ensuing annual general meeting. Notice has been received by the Company u/s 257 of the Companies Act, 1956 from a member proposing his name for being appointed as a director.

A brief resume of the director being appointed, nature of his expertise in specific functional areas, names of companies in which he holds directorships and memberships/chairmanships of Board Committees, shareholding and relationships between directors as stipulated under clause 49 of the listing Agreement with the stock exchanges, is provided in Notice of the Annual General Meeting. The Board of Directors of the company recommends the appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

In compliance with Section 217 (2AA) of the Companies Act, 1956, the Directors, to the best of their knowledge and belief, confirm that :-

- a) In the preparation of the Annual Accounts, the applicable Accounting Standards have been followed and there are no material departures there from;
- b) The Directors have selected such accounting policies as mentioned in the Notes to Financial Statements 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 as at 31st March, 2013 and of the profit of the Company for the year ended on that date.
- c) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of Company and for preventing and detecting fraud and other irregularities; and
- d) The annual accounts have been prepared on going concern basis.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The management discussion and analysis report for the year under review as stipulated under clause 49 of the listing agreement with the stock exchange is presented, in a separate section forming part of the Annual Report.

CORPORATE GOVERNANCE

Your Company is committed to maintain the highest standards of ethics and governance, resulting in enhanced transparency for the benefit of all stakeholders. As per Clause 49 of the Listing Agreement with stock exchange, and the requirements set out by the Securities and Exchange Board of India's Corporate Governance Practices, the Company has implemented all the mandatory stipulations. The Company has adopted a code of conduct applicable to the Board and senior management. The Company fully complies with the governance practices as enunciated in the Listing Agreement.

The Report on Corporate Governance as stipulated under Clause 49 of the Listing Agreements (Annexure-II) forms part of this report. The requisite Certificate from the Statutory Auditors of the Company, M/s V. Goyal & Associates, Chartered Accountants, confirming compliance with the conditions of Corporate Governance as stipulated under the aforesaid Clause 49, is attached to this Report.

MATERIALS CHANGES AND COMMITMENTS

There have been no material changes and commitments affecting the financial position of the Company, which have occurred since 31st March, 2013, being the end of the financial year of the Company.

COMPLIANCE OF ACCOUNTING STANDARDS

The Company has duly adopted all the applicable Accounting Standards in pursuance to the provision of Section 211 (3A) of the Companies Act, 1956.

AUDITORS' REPORT

The observations made in the Auditors' Report are self explanatory and do not contain any reservation, qualification or adverse remarks and, therefore, need no further clarifications/explanations as required under Section 217 (3) of the Companies Act, 1956.

AUDITORS

M/s V. Goyal & Associates, Chartered Accountants retire at the conclusion of the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment. The Company has received a letter from them to the effect that their re-appointment, if made, would be within the prescribed limits under Section 224 (1B) of the Companies Act, 1956 and that they are not disqualified for such re-appointment within the meaning of Section 226 of the said Act. Further they also hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India as required under revised clause 41 of listing agreement.

STATUTORY AND OTHER INFORMATION

There is no employee failing within the purview of section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

There was no expenditure or income in foreign currency during the year under review. Since your Company does not own any manufacturing unit, the disclosure of information on the matter required to be disclosed in terms of section 217 (1) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in report of Board of Directors) Rules, 1988 is not applicable and hence not given.

ACKNOWLEDGEMENTS

Your Directors would like to convey their sincere appreciation for assistance and co-operation received from the various stakeholders including financial institutions and banks, regulators, governmental authorities and other business associates, who have extended their valuable support and encouragement during the year under review. Your Directors take the opportunity to place on record their deep appreciation of the committed services rendered by the employees at all levels of the Company who have contributed significantly towards Company's performance. Your Directors also acknowledge with gratitude the encouragement and support extended by our valued shareholders.

For and on behalf of the Board

Place : Kolkata
Dated : 30th day of May, 2013

MANOJ SETHIA
Chairman

ANNEXURE-I TO THE DIRECTORS' REPORT

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management of the Company is pleased to present Management Discussion and Analysis Report covering overall performance and outlook of its activities.

MACRO ECONOMIC OVERVIEW

Indian Economy :

Considering that Indian GDP will continue to remain upwards of 6% and India having the world's largest population below 40 years (estimated at over 200 million) with significant purchasing power, business opportunities will touch new echelons. However sustaining high growth is likely to be the overarching concern in 2013-14, although the risk of inflation will remain, mainly because of a weak rupee.

There are many important policy reforms in the pipeline in 2013-14, such as land acquisition reform, new manufacturing policy, FDI, among other. This is also the year when the government has set its targets to achieve its ambitious goal of food security and cash transfer to the poor, in lieu of the subsidies. However, these reforms will widen the fiscal deficit further. Policymaker's approach of pushing for growth with less focus on the productive dynamic has translated into increased signs of macro stability risk emerging in the form of high inflation, fiscal deficit and current account deficit.

With agriculture and service sectors continuing to perform better, the GDP slowdown can be attributed entirely to the continuous weakening of the industrial growth. The service sector continues to be a star performer with a growth rate of over 9 percent. Similarly, agriculture and allied sector are also estimated to achieve growth rate of 2.5 percent in 2012-13. The most pressing task for the government will be to get the investment cycle buoyant again. The global economic and financial crisis has had a dampening effect on cross border FDI flows and in order to maintain earlier level of foreign investment and attract more, it is imperative to enhance India's competitiveness. Higher public investment appears unlikely given the tight fiscal situation due to the uncontrolled revenue spending which has led to uncontrollable inflation. Inflation worries may however lighten, with food inflation declining steadily.

Private investment activity has been slack due to numerous uncertainties facing corporate. The large Indian companies are sitting on a pile of cash which they are refraining to use to build fresh capacity.

The obvious way would be to rebuild corporate confidence and that can be achieved only through the implementation of a well-studied actionable agenda. The few sectors that have a significant multiplier effect on the rest of the economy could be given special attention. These include construction of new roads, a new reinvigorated national highway programme, construction of affordable housing for the masses; energy etc. which will generate jobs as well as demand for cement, steel and engineering equipment among others. The fiscal deficit is also a concern area and it seems highly unlikely that there will be significant progress towards fiscal discipline right now.

The GDP growth has slowed down to 6.5 percent on the back of weakening in industrial growth, although agriculture and services continue to perform well despite drought and floods in some part of the country. Continuous rise in commodity and fuel prices have ensured that now inflation has spread into manufactured products on the back of growing demands.

ABOUT SARVOTTAM FINVEST LTD

Financial Performance-Overview

Sarvottam Finvest Limited (SFL) is a registered NBFC Company's standalone performance is discussed in the Directors' Report. Company has earned income in the form of dividend and interest. The Company's core business remains commercial finance and investment. The Company will extend the business further through identification of promising investment opportunities, through leveraging its resources. Company is also looking forward to expand its operations in the other fields permitted by the regulator, in conformity with its present status. Nearly 100 per cent of the operating profits were contributed by core businesses viz., commercial finance, trading in securities and investments.

INDUSTRIAL STRUCTURE AND DEVELOPMENT

Non-Banking Finance Companies (NBFCs) have become an integral part of the Country's financial system because of their complementary as well as competitive role. In recent times, NBFCs have emerged as lenders to both Companies and Individuals. When it comes to lending NBFCs are generally regarded as complementary to banks and are often able to offer better services and product to their customers

Resulting consolidation and restructuring in the financial sector, only few NBFC Companies have upheld their position in this market. However, competition continues to be intense, as the Indian and foreign banks have entered the retail lending business in a big way, thereby exerting pressure on revenue. Now NBFCs can sustain in this competitive environment only through optimization of funding costs, identification of potential business area, widening geographical reach, and use of technology, cost efficiency, strict credit monitoring and raising the level of customer service.

OPPORTUNITY AND THREATS

India is an attractive investment destination and the Companies here are the part of India's growth story and through this we have also got hold of immense opportunities to expand, strengthen and enhance our business. We have enough headroom available to enlarge our network and at the same time educate number of customers to tie-up with us.

However due to continuing recession throughout world markets, a slowdown in financial flows into the economy and lingering impact of global credit crunch are seen as greatest risk faced by NBFCs. Further the volatility in the Indian equity markets and huge liquidity crunch due to global financial melt down would be a threat for the Company's business growth.

RISKS AND CONCERNS

Sarvottam Finvest Limited is exposed to specific risks that are particular to its businesses and the environment within which it operates, which include market risk, interest rate volatility, execution risk, and economic cycle.

- ◆ There remain significant exposure to capital market by way of trading in securities and investment in equity which are exposed to fluctuation in stock price. These trading stock and investments represent a substantial portion of the Company's core capital, and are vulnerable to fluctuation in the stock markets. Any decline in market price of these may severely impact its financial position and results of operations.
- ◆ The Company is alive to the dynamics of this problem and has in place a control structure for closely monitoring incipient signs of risk in this area and to unleash necessary corrective measures, if needed.
- ◆ The company can be adversely affected by volatility in interest rates in India, which could cause its margins to decline and profitability to shrink. Earnings from interest income are steadily becoming one of the important businesses of the Company. It is therefore exposed to interest rate risk, principally as a result of lending to its customers at interest rates, in amounts, and for periods which may differ from those of its funding sources. The company is hedged to some extent against this risk through the reset clause in its advances portfolio.
- ◆ While the Indian economy has shown sustained growth over the last several years, a slowdown could cause the business of the company to suffer. SFL manages such risks by maintaining a conservative financial profile and following prudent business and risk management practices.
- ◆ The risk appetite is enunciated by the Board from time to time.

INTERNAL CONTROL SYSTEMS

Company has adequate internal control system commensurate with its size and nature of business. Conforming to the requirements of the regulatory authorities such as the RBI and the SEBI and consistent with the requirements of the Listing agreements with the Stock Exchange, the company has institutionalized an elaborate system of control processes designed to provide a high degree of assurance regarding the effectiveness and efficiency of operations, the adequacy of safeguards for assets, reliability of financial controls and compliance with applicable laws and regulations. The Internal Auditors are mandated to carry out periodical audit and report on areas of non-compliances/weaknesses. Corrective actions in case of reported deficiencies, if any, are taken actively to further strengthen the internal control systems. These reports are reviewed