



# ARAVALI SECURITIES & FINANCE LIMITED

Registered Office: Plot no. 136, Rider House, 4<sup>th</sup> Floor, Sector 44, Gurgaon-122003, Haryana

Email: info@aravalisecurities.com Website: www.aravalisecurities.com

Phone no.:+91-124-4556677 Fax: +91-124-4556677

CIN: L67120HR1980PLC039125

## NOTICE

Notice is hereby given that the 37th Annual General Meeting of the members of Aravali Securities & Finance Limited will be held on Wednesday, the 27th day of September, 2017, at 11.00 a.m. at, Huda Gymkhana Club, Plot No1, Sector 4, Behind HUDA Market, Gurgaon- 122006 (Haryana) to transact the following business.

### **ORDINARY BUSINESS**

1. To consider and adopt the Audited Financial Statement of the Company for the financial year ended 31st March, 2017, 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 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 139, 142 and other applicable provisions, if any, of the Companies Act, 2013, and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), M/s. SPMR& Associates, Chartered Accountants, New Delhi (Firm Registration No. 07578N), be and is hereby appointed as the Statutory Auditors of the Company, in place of M/s. Salarpuria & Partners, Chartered Accountants, New Delhi (Firm Registration No. 302113E), the retiring Statutory Auditors, to hold office from the conclusion of this Annual General Meeting till the conclusion of 38th Annual General Meeting of the Company to be held in the year 2018, on such remuneration as may be decided by the Board."

### **SPECIAL BUSINESS**

4. To consider and, if thought fit, to pass, the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to provisions of Section 196, 197, 203 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification or re-enactment thereof) read with Schedule V thereof, the recommendations of the Board of Directors, the consent of Members of the Company be and is hereby accorded to the re-appointment of Mr. Ranjan Kumar Poddar (DIN 00290949) as Managing Director of the Company for a period of Five Years with effect from September 5, 2017 to September 4, 2022 without payment of any remuneration and perquisites and who shall not be liable to retire by rotation as director of the company till he hold such office and on the following terms and conditions:

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

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required and to delegate all or any of its powers herein conferred to any Committee of Directors or Director(s) to give effect to the aforesaid resolution.

By Order of the Board of Directors

Place : Gurgaon

Dated : 11<sup>th</sup> August, 2017

Mohit Kaushik  
Company Secretary  
(ACS-29968)

## 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. 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.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, the 22nd day of September, 2017 to Wednesday, the 27th day of September, 2017 (both days inclusive).
4. Members/Proxies are requested to bring the admission slip duly filled in for attending the Meeting along with their copy of the report and accounts.
5. 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.
6. Electronic copy of the Annual Report for the financial year 2016-17 and notice of 37th Annual General Meeting are being sent to all the Members whose E-mail IDs are being registered with the Company/ Depository participants(s) for communication purposes unless any Member has requested for a hard copy of the same. For Members who have not registered their E-mail addresses, physical copies of the Annual Report for the financial year 2016-17 and Notice of 37th Annual General Meeting are being sent in the permitted mode.
7. All documents referred to in the accompanying notice 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.
8. 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).
9. 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.
10. 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.
11. 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.
12. **Voting through electronic means**
  - I. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and in terms of Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the AGM by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by National Securities Depository Limited (NSDL).
  - II. The facility for voting through Polling paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through polling paper.
  - III. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
  - IV. The remote e-voting period commences on 24<sup>th</sup> September, 2017 (9:00 a.m.) and ends on 26<sup>th</sup> September, 2017 (5:00 p.m.). During this period members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 21<sup>st</sup> September, 2017, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
  - V. The process and manner for remote e-voting are as under:



- A. In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company/Depository Participants(s)]:**
- (i) Open email and open the attached PDF file with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for remote e-voting. Please note that the password is an initial password.
  - (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsd.com/>
  - (iii) Click on Shareholder - Login
  - (iv) Put user ID and password as initial password/PIN noted in step (i) above. Click Login.
  - (v) Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
  - (vi) Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.
  - (vii) Select "EVEN" of "Aravali Securities & Finance Limited"
  - (viii) Now you are ready for remote e-voting as Cast Vote page opens.
  - (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) Once you have voted on the resolution, you will not be allowed to modify your vote.
  - (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) 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 authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail at [kumarcs7@gmail.com](mailto:kumarcs7@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)
- B. In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company/Depository Participants(s) or requesting physical copy]:**
- i) The user ID and initial password for remote e-voting is provided on the covering letter enclosed with the Annual Report.
  - ii) Please follow steps from sl. no. (ii) to (xi) under heading A above to vote through e-voting platform.
- VI.** In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the downloads section of [www.evoting.nsd.com](http://www.evoting.nsd.com) or call on toll free no.: 1800-222-990.
- VII.** If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/PIN for casting your vote.
- VIII.** You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- IX.** The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 21st September, 2017.
- X.** Any person, who acquires shares of the Company and becomes member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. 21st September, 2017, may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or company secretary@aravali securities.com. However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on [www.evoting.nsd.com](http://www.evoting.nsd.com) or contact NSDL at the following toll free no.: 1800-222-990.
- XI.** A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.
- XII.** A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through Polling paper.
- XIII.** Mr. Nitesh Kumar Sinha, Practising Company Secretary (ICSI CP Registration No. 7648) has been appointed as the Scrutinizer for providing facility to the members of the Company to scrutinize the voting and remote e-voting process in a fair and transparent manner.
- XIV.** The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of Polling Paper for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
- XV.** The Scrutinizer shall after the conclusion of voting at the AGM, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.

- XVI. The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company www.aravalisecurities.com and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the Stock Exchanges.
13. Information required to be furnished under Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 in respect of directors seeking appointment/ re-appointment:

Name of Director	Mr. Devashish Poddar
Directors Identification Number	00457349
Date of Birth	15.09.1972
Date of Appointment	13.05.2010
Qualification	BBA from London
Expertise in specific functional area	Well experienced and possess expertise in the business.
Shareholding in Aravali Securities & Finance Ltd.	Nil
Directorship in other Companies	Devi Developers Pvt. Ltd. Boutique Hotels India Pvt. Ltd. upto 31-12-16 Devi Business Hotel Pvt. Ltd. upto 31-12-16
Committee position held in other Companies	Nil

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

The following statement sets out all material facts relating to certain Ordinary Business and all the Special Businesses mentioned in the accompanying Notice:

**Item No. 3**

- (a). In accordance with Section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, M/s. Salarpuria & Partners, Chartered Accountants, New Delhi (FRN: 302113E) shall retire at the conclusion of the Annual General Meeting of the Company. Pursuant to the provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, the Board of Directors has, on recommendation of the Audit Committee, recommended for the appointment of M/s. SPMR & Associates, Chartered Accountants, New Delhi (Firm Registration No. 07578N) as the Statutory Auditors at the Annual General Meeting to hold office from the conclusion of this Annual General Meeting till the conclusion of the 38th Annual General Meeting of the Company to be held in the year 2018, at such remuneration as may be mutually agreed between the Board of Directors of the Company and the Statutory Auditors. Consent and certificate u/s 139 of the Companies Act, 2013 have been obtained from M/s SPMR & Associates., Chartered Accountants, to the effect that their appointment, if made, shall be in accordance with the applicable provisions of the Act and the Rules issued thereunder. As required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, M/s. SPMR & Associates, Chartered Accountants, New Delhi (Firm Registration No. 07578N), has confirmed that they hold a valid certificate issued by the Peer Review Board of ICAI.
- (b). None of the Directors, Key Managerial Personnel of the Company or their relatives or any of other officials of the Company is, in any way, financially or otherwise, concerned or interested in the resolution.

**Item No. 4**

Mr. Ranjan Kumar Poddar has worked as Managing Director from 6th September 2012 without any remuneration, So it is proposed to ratify his re-appointment for a period of five years with effect from 5th September, 2017, without any payment of remuneration, as here remuneration was nil so no remuneration committee was constituted.

Keeping in view that Mr. Ranjan Kumar Poddar has rich and varied experience in the Industry and has been involved in the operations of the Company over a long period of time, it would be in the interest of the Company to continue the employment of Mr. Ranjan Kumar Poddar as Managing Director.

Upon approval by the members, a separate agreement to give effect to the above terms will be executed by and between the Company and Mr. Ranjan Kumar Poddar. All other existing terms and conditions for the re-appointment shall remain unchanged.

This explanatory statement may also be read and treated as disclosure in compliance with the requirements of Section 190 of the Companies Act, 2013.

Except Mr. Ranjan Kumar Poddar himself, Mr. Devashish Poddar and Mrs. Malvika Poddar being relatives, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise in this resolution set out at item no. 4.

By Order of the Board of Directors

Place : Gurgaon

Dated : 11<sup>th</sup> August, 2017

Mohit Kaushik  
Company Secretary  
(ACS-29968)



## DIRECTORS' REPORT

### TO THE MEMBERS

Your Directors take the pleasure in presenting their Report and Audited Financial Statement of the Company along with Auditors' Report thereon for the year ended 31st March, 2017.

### WORKING RESULTS

	2016-17 (Rupees in lacs)	2015-16 (Rupees in lacs)
<b>Profit/(Loss) before interest, depreciation and taxes</b>	<b>39.15</b>	65.51
Less : Interest	<b>166.38</b>	100.95
Profit/(Loss) before depreciation, NPA's and Taxes	<b>(67.23)</b>	(35.44)
Less : Depreciation	<b>7.00</b>	10.70
<b>Profit/(Loss) Before Tax &amp; Provisions</b>	<b>(74.23)</b>	(46.14)
Less: Provision for Diminution in value of Investment	-	2394.20
<b>Profit/(Loss) Before Tax</b>	<b>(74.23)</b>	(2440.34)
Less : Tax In respect of earlier years	<u><b>0.06</b></u>	<u>0.31</u>
<b>Profit/ (Loss) after Taxation</b>	<b>(74.29)</b>	(2440.65)
Add: Balance brought forward from previous year	<u><b>(3047.52)</b></u>	(606.86)
<b>CLOSING BALANCE</b>	<u><b>(3121.81)</b></u>	<u>(3047.52)</u>

### DIVIDEND

Your directors are not recommending any payment on account of dividend

### CHANGE IN THE NATURE OF BUSINESS

There has been no change in the nature of the business of the Company.

### MANAGEMENT DISCUSSION AND ANALYSIS

#### A. FINANCIAL REVIEW

Your Company has a loss of Rs. 74.23 lakh after depreciation and interest. Further, a provision for income tax in respect of earlier years of Rs. 0.06 lakh has been made in the accounts. The loss of Rs. 3121.81 lakh including brought forward loss of Rs. 3047.52 lakh has been carried to the Balance Sheet.

#### B. RESOURCES AND LIQUIDITY

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

#### C. 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.

#### **D. BUSINESS OVERVIEW**

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.

#### **E. OPPORTUNITIES AND THREATS**

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.

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.

#### **F. 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.

#### **G. 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.

#### **H. 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.

#### **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.

The Company received declaration made by the independent directors of the Company that they fulfill the criteria given under Section149(6) of the Companies Act, 2013 and other applicable provisions.

The Nomination & Remuneration Committee (NRC) shall evaluate the performance of each Director of the Company with reference of the authority under the Nomination and Remuneration Policy of the Company framed in accordance with the provisions of Section 178 of the Companies Act, 2013 and based on their functions as mentioned in the Code of Conduct of the Directors. Evaluation of Independent Directors shall be carried on by the entire Board in the same way as it is done for the Executive Directors of the Company except the Director getting evaluated. The detail process of evaluation and ratings thereon are mentioned in the policy.

#### **SUBSIDIARIES, JOINT VENTURES, ASSOCIATE COMPANIES**

Carma Creative Pvt. Ltd.	-	Associate Company
The Sirpur Paper Mills Ltd.	-	Associate Company
Devi Overseas Private Ltd.	-	Associate Company
Devi Developers Private Ltd.	-	Associate Company
Carma Arts & Crafts Pvt. Ltd.	-	Associate Company
The Boutique Hotels India Pvt. Ltd. (upto 31-12-16)	-	Associate Company
Devi Business Hotels Pvt. Ltd. (upto 31-12-16)	-	Associate Company



## **RELATED PARTY TRANSACTIONS**

All related party transactions that were entered into during the financial year under review were on arms length basis and were also in the ordinary course of business. There were no materially significant related party transactions entered into by the Company with the promoters, directors, key managerial personnel which may have a potential conflict with the interests of the Company at large.

The Related Party Transactions policy as approved by the Board of Directors is uploaded on the Company's website [www.aravalisecurities.com](http://www.aravalisecurities.com).

## **AUDITORS AND AUDITOR'S REPORT:**

As per Section 139 of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014, the term of M/s. Salarpuria & Partners, Chartered Accountants, New Delhi (Firm Registration No. 302113E), Delhi as the Statutory Auditors of the Company expires at the conclusion of the ensuing Annual General Meeting of the Company. The Board of Directors of the Company at their meeting held on 11th August, 2017, on the recommendation of the Audit Committee, have made its recommendation for appointment of M/s. SPMR & Associates, Chartered Accountants, New Delhi (Firm Registration No. 07578N) as the Statutory Auditors of the Company by the Members at the 37th Annual General Meeting of the Company. Accordingly, a resolution, proposing appointment of M/s. SPMR & Associates, Chartered Accountants, New Delhi (Firm Registration No. 07578N), as the Statutory Auditors of the Company to hold office from the conclusion of 37th Annual General Meeting till the conclusion of 38th Annual General Meeting of the Company pursuant to Section 139 of the Companies Act, 2013, forms part of the notice of the 37th Annual General Meeting of the Company. The Company has received their written consent and a certificate that they satisfy the criteria provided under Section 141 of the Act and that the appointment, if made, shall be in accordance with the applicable provisions of the Act and rules framed thereunder.

During the year under review, the Auditors had not reported any matter under Section 143 (12) of the Act, therefore no detail is required to be disclosed under Section 134 (3) of the Act. M/s. Salarpuria & Partners, over many years have successfully met the challenge that the size and scale of the Company's operations pose for auditors and have maintained the highest level of governance, ethical standards, rigour and quality in their audit. The Board place on record its appreciation for the services rendered by M/s. Salarpuria & Partners, as the Statutory Auditors of the Company.

The Report given by M/s. Salarpuria & Partners, Chartered Accountants, New Delhi (Firm Registration No. 302113E), Statutory Auditors on the financial statement of the Company for the year 2016-17 is part of the Annual Report. There has been no qualification, reservation or adverse remark or disclaimer in their Report except as under:

Auditors in the annexure to their report have drawn attention to the Point No. ii 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.

Further with respect of Point no. viii, the notes on financial statement referred to in the Auditor Report are self explanatory and do not call for any further comment.

## **SECRETARIAL AUDIT REPORT:**

A Secretarial Audit Report given by Mr. Nitesh Kumar Sinha, Practising Company Secretary (Membership no. F7536) is given in Annexure-A to this report.

## **INTERNAL AUDITORS**

The Board of Directors of your Company has re-appointed M/s Rajan Goel & Associates, Chartered Accountants, New Delhi (Firm Registration No.004624N) as Internal Auditors pursuant to the provisions of Section 138 of the Companies Act, 2013 for the financial year 2017-18.

## **EXTRACTS OF ANNUAL RETURN:**

The details forming part of the extract of the Annual Return in form MGT-9 is given in Annexure-B to this report

## **BUSINESS RISK MANAGEMENT:**

The Company has laid down a well defined Risk Management Policy to identify the risks associated with the business of the Company on a periodical basis and review the minimization programs to mitigate them.

At present the Company has not identified any element of risk which may threaten the existence of the Company.

## **VIGIL MECHANISM / WHISTLE BLOWER POLICY**

The Company has adopted a whistle blower policy and has established the necessary vigil mechanism for employees and directors to report concerns about unethical behavior. No person has been denied access to the Chairman of the Audit Committee. The said policy of the Company can be accessed at [www.aravalisecurities.com](http://www.aravalisecurities.com).

## **BOARD EVALUATION**

Pursuant to the Provisions of the Companies Act, 2013 and under Securities & Exchange of Board of India (Listing Obligations and Disclosure Requirements), Regulations 2015, the Board has carried out an Annual Performance Evaluation of its own performance and all the Directors individually.

The evaluation of Non-Independent Directors, Chairman and the Board as a whole was done at a separate meeting by the Independent Directors.

## **MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY TO WHICH THE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT**

There has been no material change and commitments occurred, between the end of the financial year of the Company i.e. 31st March, 2017 and the date of this report affecting financial position of the Company.

## **CORPORATE GOVERNANCE:**

Your Company has taken adequate steps to ensure compliance with the provisions of Corporate Governance as prescribed under SEBI (Listing of Obligations and Disclosure Requirements) Regulation 2015 with the Stock Exchanges.

A Certificate from the Practicing Company Secretary of the Company regarding compliance of conditions of Corporate Governance is given in Annexure-C to this report.

## **DIRECTORS' RESPONSIBILITY STATEMENT:**

Pursuant to the requirement under Section 134(5) of the Companies Act, 2013, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the directors had 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 and loss of the company for that period;
- (c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the directors had prepared the annual accounts on a going concern basis; and
- (e) the directors, in the case of a listed company, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- (f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## **PARTICULARS OF EMPLOYEES:**

The information required pursuant to Section 197 read with rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company, will be provided upon request. In terms of Section 136 of the Act, the reports and accounts are being sent to the members and others entitled thereto, excluding the information on employees' particulars which is available for inspection by the members at the Registered office of the Company during business hours on working days of the Company up to the date of ensuing Annual General Meeting. If any member is interested in inspecting the same, such member may write to the Company Secretary in advance.

## **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

## **ACKNOWLEDGEMENT:**

Your Company and its Directors wish to extend their sincere thanks 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

Place : Gurgaon  
Date: 11<sup>th</sup> August, 2017

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



## ANNEXURE-A TO DIRECTORS' REPORT

Form No. MR-3

### SECRETARIAL AUDIT REPORT

For the Financial Year ended on 31<sup>st</sup> March, 2017

*[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]*

**To,  
The Members,  
Aravali Securities and Finance Limited  
Plot No. 136, Rider House, 4th Floor,  
Sector 44, Gurgaon - 122003. Haryana**

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Aravali Securities and Finance Limited (hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

We report that

- a) Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
- b) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
- c) We have not verified the correctness and appropriateness of the financial statements of the Company.
- d) Where ever required, we have obtained the Management representation about the compliances of laws, rules and regulations and happening of events etc.
- e) The compliance of the provisions of the Corporate and other applicable laws, rules, regulation, standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.
- f) The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Based on our verification of the company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by Aravali Securities and Finance Limited for the financial year ended on 31<sup>st</sup> March, 2017 according to the provisions of:
  - (i) The Companies Act, 2013 (the Act) and the rules made there under;
  - (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
  - (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
  - (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
2. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; Not applicable
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; Not applicable

- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client to the extent of securities issued;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and-Not applicable
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;Not applicable
3. We have also examined Compliance with the other applicable Acts.
- (a) Payment Of Wages Act, 1936, and rules made there under,
  - (b) The Minimum Wages Act, 1948, and rules made there under,
  - (c) Employees' State Insurance Act, 1948, and rules made there under,
  - (d) The Employees' Provident Fund and Miscellaneous Provisions Act, 1952, and rules made there under, (e) The Payment of Bonus Act, 1965, and rules made there under,
  - (f) Payment of Gratuity Act, 1972, and rules made there under,
  - (g) RBI Act, 1934 and NBFC Compliance
4. We have also examined compliance with the applicable clauses of the following:
- (i) Secretarial Standards issued by The Institute of Company Secretaries of India and effective from 01.07.2015.
  - (ii) The Listing Agreements entered into by the Company with Bombay Stock Exchange / SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 effective from 01.12.2015.
- During the financial year under report, the Company has complied with the provisions of the New Companies Act, 2013, to the extent applicable and the Rules, Regulations, Guidelines, Standards, etc. mentioned below.
- The Company is engaged in the business of Non-Banking Financial Institution as defined in Section 45I (a) of the Reserve Bank of India Act, 1934. Accordingly, Non-Banking Financial (Non - Deposit Accepting or Holding) Companies Prudential Norms shall be considered as Industry Specific Act as applicable to the Company, in view of the Management and as per the Guidance Note issued by the ICSI. During our audit, the Company comply the all Compliance.
5. We have relied on the information and representation made by the Company and its Officers for Systems and mechanism formed by the Company for Compliances under applicable Acts, Laws, and regulations to the Company.
6. We further report that
- (a) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
  - (b) Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the Meeting.
  - (c) There are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.
7. We further report that during the audit period no specific events / actions took place having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.
- Further, during the audit period, there were no instances of:
- (i) Public/Rights/Preferential issue of shares/ debentures/sweat equity.
  - (ii) Redemption of securities.
  - (iii) Merger/Amalgamation/Reconstruction.
  - (iv) Foreign technical collaborations.

Place: Gurgaon

Date: 11<sup>th</sup> August, 2017

For NKS & Company  
( Nitesh Kumar Sinha)  
Practicing Company Secretary  
FCS No.-7536  
C P No.:7648



**ANNEXURE-B TO DIRECTORS' REPORT**

**FORM NO. MGT-9**

**EXTRACT OF ANNUAL RETURN**

as on the financial year ended on 31.03.2017

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS:**

i)	CIN	L67120HR1980PLC039125
ii)	Registration Date	11 <sup>th</sup> June, 1980
iii)	Name of the Company	Aravali Securities & Finance Limited
iv)	Category / Sub-Category of the Company	Company limited by shares/Non Government Company
v)	Address of the Registered office and contact details	Plot no. 136, Rider House, 4 <sup>th</sup> Floor, Sector 44, Gurgaon-122003, Haryana
vi)	Whether listed company Yes / No	Yes
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	Skyline Financial Services Private Limited D-153/A, 1st Floor, Okhla Industrial Area, Phase-I, New Delhi-110 020 Ph.no. 011-26812682

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

S.no	Name and Description of main products / services	NIC Code of the	% to total turnover of the company Product/ service
1	Finance	NA	66.06
2	Investment/Trading in securities	NA	33.94

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

S.no	Name and address of the Company	CIN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	The Sirpur Paper Mills Ltd. 5-9-22/1/1, 1st Floor, Adarsh Nagar, Hyderabad-500463, Telangana	L21010TG1938PLC000591	Associate	24.18	Section 2(6) of the Companies Act, 2013
2	Devi Overseas Private Ltd. 311, Rakesh Deep Building, Plot No-11, Community Commercial Complex, Yusuf Sarai, New Delhi-110049	U18101DL2000PTC107227	Associate	Nil	
3	Devi Developers Private Ltd. 311, Rakesh Deep Building, Plot No-11, Community Commercial Complex, Yusuf Sarai, New Delhi-110049	U51109DL2000PTC105889	Associate	Nil	
4	Carma Creative Pvt. Ltd. 311, Rakesh Deep Building, Plot No-11, Community Commercial Complex, Yusuf Sarai, New Delhi-110049	U18109DL2006PTC152882	Associate	Nil	
5	Carma Arts & Crafts Pvt. Ltd. H 5/11, Mehrauli Road, Behind Qutab Minar, New Delhi, 110030	U741899DL1986PTC024280	Associate	Nil	
6	Botique Hotels India Pvt. Ltd. B-106, Gujranwala Town, Part-1 Opposite Model Town-2 New Delhi, 110009	U74899DL1994PTC061172	Associate	Nil	
7	Devi Business Hotels Pvt. Ltd. B-106, Gujranwala Town, Part-1 Opposite Model Town-2 New Delhi, 110009	U55101DL2007PTC170916	Associate	Nil	

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**

**i) Category-wise Share Holding**

Category of Shareholder&	No.of Shares held at the beginning of the year				No.of Shares held at the end of the year				%Change during the
	Demat	Physical	Total	%of total shares	Demat	Physical	Total	%of total shares	
<b>A.PROMOTERS</b>									
(1)INDIAN									
a) IndividuaV HUF	1052260	0	1052260	6.94	1052260	0	1052260	6.94	0.00
b) Central Govt	0	0	0	0	0	0	0	0	0.00
c)State Govt (s)	0	0	0	0	0	0	0	0	0.00
d) Bodies Corp.	0	0	0	0	0	0	0	0	0.00
e) Banks I FI	0	0	0	0	0	0	0	0	0.00
f) Arly Other....	0	0	0	0	0	0	0	0	0.00
<b>Sub-total (A) (1)</b>	<b>1052260</b>	<b>0</b>	<b>1052260</b>	<b>6.94</b>	<b>1052260</b>	<b>0</b>	<b>1052260</b>	<b>6.94</b>	<b>0.00</b>
(2) Foreign									
a) NRIs - Individuals	5079603	0	5079603	33.52	5079603	0	5079603	33.52	0.00
b) Other-Individuals	0	0	0	0	0	0	0	0	0.00
c) Bodies Corp.	0	0	0	0	0	0	0	0	0.00
d) Banks I FI	0	0	0	0	0	0	0	0	0.00
e) Arly Other...	0	0	0	0	0	0	0	0	0.00
<b>Sub-total (A)(2)</b>	<b>5079603</b>	<b>0</b>	<b>5079603</b>	<b>33.52</b>	<b>5079603</b>	<b>0</b>	<b>5079603</b>	<b>33.52</b>	<b>0.00</b>
<b>Total shareholding of Promoter(A)* (A)(1)+(A)(2)</b>	<b>6131863</b>	<b>0</b>	<b>6131863</b>	<b>40.46</b>	<b>6131863</b>	<b>0</b>	<b>6131863</b>	<b>40.46</b>	<b>0.00</b>
<b>B. Public Shareholding</b>									
<b>1. InstHutions</b>									
a) Mutual Funds	0	0	0	0	0	0	0	0	0.00
b) Banks/ FI	8705	4500	13205	0.09	8705	4500	13205	0.09	0.00
c) Central Govt	0	0	0	0	0	0	0	0	0.00
d) State Govt(s)	0	0	0	0	0	0	0	0	0.00
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0.00
f) Insurance Companies	0	0	0	0	0	0	0	0	0.00
g) Fils	0	0	0	0	0	0	0	0	0.00
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0.00
i) Others (specify)	0	0	0	0	0	0	0	0	0.00
<b>Sub-total B)(1)</b>	<b>8705</b>	<b>4500</b>	<b>13205</b>	<b>0.09</b>	<b>8705</b>	<b>4500</b>	<b>13205</b>	<b>0.09</b>	<b>0.00</b>
<b>2.Non Institutions</b>									
<b>a) Bodies Corp.</b>									
i) Indian	1572910	22696	1595606	10.53	1614447	22696	1637143	10.80	2.60
ii) Overseas	0	0	0	0	0	0	0	0	0.00
<b>b) Individuals</b>									
i) Individual shareholders holding nominalshare capital upto Rs.1 lakh	1902976	2312202	4215178	27.82	1879778	2303462	4183240	27.61	-0.76
ii) Individual shareholders holding nominalshare capital in excess of Rs 1 lakh	2731633	153215	2884848	19.04	2683119	153215	2836334	18.72	-1.68
c) Others (specify)									
NRI	33902	0	33902	0.22	31802	0	31802	0.21	-6.19
HUF	279248	0	279248	1.84	318313	0	318313	2.10	13.98
Trust	0	0	0	0.00	1650	0	1650	0.01	100
Clearing Members	0	0	0	0.00	300	0	300	0.00	100
<b>Sub-total(B)(2)</b>	<b>6520669</b>	<b>2488113</b>	<b>9008782</b>	<b>59.45</b>	<b>6529409</b>	<b>2479373</b>	<b>9008782</b>	<b>59.45</b>	<b>0.00</b>
<b>TotalPublic Shareholding (B)=(B)(1)+(B)(2)</b>	<b>6529374</b>	<b>2492613</b>	<b>9021987</b>	<b>59.54</b>	<b>6538114</b>	<b>2483873</b>	<b>9021987</b>	<b>59.54</b>	<b>0.00</b>
<b>C.Shareheldby Custodianfor GDRa &amp;ADRs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>
<b>Grand Total (A+B+C)</b>	<b>12661257</b>	<b>2492613</b>	<b>15153850</b>	<b>100.00</b>	<b>12669977</b>	<b>2483873</b>	<b>15153850</b>	<b>100.00</b>	<b>0.00</b>



**(ii) Shareholding of Promoters**

S. no	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			%change in shareholding during the year
		No. of shares	%of total Shares of the Company	%of Shares Pledged/ encumbered to total shares	No. of shares	% of total Shares of the Company	%of Shares Pledged / encumbered to Total shares	
1	Devashish Poddar (HUF)	400000	2.64	0	400000	2.64	0	0.00
2	Mr. Anupam Poddar	652260	4.30	0	652260	4.30	0	0.00
3	Mrs. Chandra Lekha Poddar	5079603	33.52	0	5079603	33.52	0	0.00

**(iii) Change in Promoters' Shareholding (please specify, if there is no change)**

S. No		Shareholding at the beginning of the year		Date	Increase/Decrease in shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company				No. of shares	% of total shares of the company
1	Mrs.Chandra Lakha Poddar							
	At the beginning of the year							
	Date wise Increase   Decrease in Promoters Shareholding during the year specifying the reasons for increase   decrease (e.g.allotment   transfer   bonus/ sweat equity etc):	No Change	-	-	-	-	-	-
	At the End of the year							
2	Mr.Devashish Poddar	No. of shares	% of total shares of the company		No. of		shares	% of total shares of the company
	At the beginning of the year							
	Date wise Increase   Decrease in Promoters Share holding during the year specifying the reasons for increase   decrease (e.g.allotment   transfer   bonus/ sweat equity etc):	No Change	-	-	-	-	-	-
	At the End of the year							

**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

S. No.	For each of the Top 10 shareholders	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Rita Sachdeva	748000	4.94	748000	4.94
2	Bishwanath Traders Investment Ltd.	515479	3.40	515479	3.40
3	Le Roy Securities Pvt. Ltd.	425000	2.80	380000	2.51
4	Anand Kumar Kesari	288479	1.90	319031	2.11
5	Paulastya Sachdev	280000	1.85	280000	1.85
6	Nupur Sharma	200000	1.32	200000	1.32
7	Dilwara Leasing and Investment Ltd.	133000	0.88	133000	0.88
8	Amit Goel	130423	0.86	130423	0.86
9	Atul Goel	110577	0.73	60373	0.40
10	Ujwala Khanna	83869	0.55	83869	0.55

(v) Shareholding of Directors and Key Managerial Personnel:

S. No.	Name of the Director/ KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	Nil			
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity				
	At the End of the year				

**V. INDEBTEDNESS**

Indebtedness of the Company including interest outstanding/accrued but not due for payment (Rs.in Lakhs)

Indebtedness at the beginning of the financial year	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
i) Principal Amount	-	969.92	-	1876.92
ii) Interest due but not paid	-	66.26	-	44.38
iii) Interest accrued but not due	-	74.41	-	73.24
Total (i+ii+iii)	-	1110.59	-	1994.54
Change in Indebtedness during the financial year	-			
• Addition	-	180.61	-	180.61
• (Reduction)	-	(27.32)	-	(27.32)
Net Change	-	153.29		153.29
Indebtedness at the end of the financial year	-			
i) Principal Amount	-	1061.42	-	1061.42
ii) Interest due but not paid	-	93.18	-	93.18
iii) Interest accrued but not due	-	109.28	-	109.28
Total (i+ii+iii)	-	<b>1263.88</b>	-	<b>1263.88</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

**A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

Sl.no.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
		Mr. Ranjan Kumar Poddar	
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission - as % of profit - others, specify..	-	-
5	Others, please specify	-	-
	Total (A)	-	-
	Ceiling as per the Act	Rs.30 Lakh	


**B. REMUNERATION TO OTHER DIRECTORS:**

Sl. no.	Particulars of Remuneration	Name of Directors			Total Amount (in Rs.)
		Mr. Naresh Birla	Mr. Ashok Kumar Sharma	Mr. Suresh Kumar Lakhotia	
1	Independent Directors				
	Fee for attending board / committee meetings	8000	8000	6000	22000
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
	Total (1) (in Rs.)	8000	8000	6000	22000
2	Other Non-Executive Directors	Mr. Devashish Poddar	Mrs. Malvika Poddar		
	Fee for attending board / committee meetings	4000	2000		6000
	Commission	-	-		-
	Others, please specify	-	-		-
	Total (2) (in Rs.)	4000	2000		6000
	Total Managerial Remuneration (in Rs.)				28000
	Overall Ceiling as per the Act	Within the ceiling as per Section 197 of the Companies Act, 2013			

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD (In Rs.)**

Sl. no.	Particulars of Remuneration	Key Managerial Personnel			
		Company Secretary Ms. Anuradha Rawat (upto 5th Oct, 2016)	Company Secretary Mr. Mohit Kaushik (from 1st March, 2017)	CFO Mr. Sushil Kumar	Total
1	Gross salary				
(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	175782	31400	641964	849146
(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	7849	-	23808	31657
©	Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission - as % of profit - others. specify	-	-	-	-
5	Others, please specify	-	-	-	-
	Total	183631	31400	665772	880803

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty/Punishment/ Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>B. DIRECTORS</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

**ANNEXURE-C TO DIRECTORS' REPORT**

**CORPORATE GOVERNANCE REPORT**

**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. BOARD OF DIRECTORS**

I. Composition of the Board:

Composition, Category of Directors and their other directorship as on March 31, 2017.

<b>Directors</b>	<b>Executive/ Non Executive Director</b>	<b>Independent Status</b>	<b>No. of other Directorships held in other Companies</b>	<b>Committee position in other Companies Member/Chairman</b>	
Mr. Ranjan Kumar Poddar Chairman & Managing Director	Executive	Promoter	Nil	Nil	Nil
Mr. Devashish Poddar Director	Non-Executive	Promoter Associate	One	Nil	Nil
Mrs. Malvika Poddar Director	Non-Executive	Promoter Associate	Three	Nil	Nil
Mr. Suresh Kumar Lakhota Director	Non-Executive	Independent	One	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 2016-2017	Last AGM attended	No. of equity shares held
Mrs. Malvika Poddar	1	No	Nil
Mr. Devashish Poddar	2	No	Nil
Mr. Ranjan Kumar Poddar	4	No	Nil
Mr. Suresh Kumar Lakhota	3	No	Nil
Mr. Ashok Kumar Sharma	4	Yes	Nil
Mr. Naresh Birla	4	Yes	Nil

Note : During the year, five meetings of the Board of Directors were held on 27th May, 2016, 12th August, 2016, 12th November, 2016, 12th January, 2017 and 14th February, 2017.

- III. Mr. Devashish Poddar is the son of Mr. Ranjan Kumar Poddar. Mrs. Malvika Poddar is the spouse of Mr. Devashish Poddar. None of the other directors are related to any other director on the Board.
- IV. The familiarisation program imparted during the year under review to the Independent Directors is placed on the Company's website viz., [www.aravalisecurities.com](http://www.aravalisecurities.com)
- V. Meeting of Independent Director

The Company's Independent Directors meet at least once in every financial year without the presence of Executive Directors or management personnel. Such meetings are conducted informally to enable Independent Directors to discuss matters pertaining to the Company's affairs and put forth their views to the Chairman and Managing Director. One meeting of Independent Directors was held during the year.

### 3. BOARD COMMITTEES, MEETINGS AND PROCEDURES

#### I. AUDIT COMMITTEE

Presently, the Audit Committee comprises of one executive and three non executive directors. The Committee met four times during the year and the attendance of the members at the meeting was as follows:

Name of member	Status	No. of meetings attended
Mr. Naresh Birla	Chairman	4
Mr. Ranjan Kumar Poddar	Member	3
Mr. Ashok Kumar Sharma	Member	3
Mr. Suresh Kumar Lakhota	Member	3

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

#### Powers of the Audit Committee

- To investigate any activity within its terms of reference
- To seek information from any employee

- To obtain outside legal or other professional advice
- To secure attendance of outsiders with relevant expertise, if it considers necessary

**Terms of reference of Audit Committee inter alia includes the following:**

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible
- Recommending to the Board, the appointment, reappointment and, if required, the replacement or removal of statutory auditors, including cost auditors, and fixation of audit fees and other terms of appointment
- Approving payment to statutory auditors, including cost auditors for any other services rendered by them
- Reviewing with the management, annual financial statements and auditors report thereon before submission to the Board for approval, with particular reference to:
  - Matters required to be included in the Directors' Responsibility Statement to be included in the Directors' Report in terms of the Companies Act, 1956/New Companies Act, 2013.
  - Changes, if any, in accounting policies and practices and reasons for the same
  - Major accounting entries involving estimates based on the exercise of judgment by the management
  - Significant adjustments made in financial statements arising out of audit findings
  - Compliance with listing and other legal requirements relating to financial statements
  - Disclosure of related party transactions
  - Qualifications in draft audit report
- Reviewing with the management the quarterly financial statements before submission to the Board for approval
- Reviewing with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice, and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter
- Reviewing and monitoring the auditors independence and performance and effectiveness of audit process
- Approval or any subsequent modification of transactions of the Company with related parties
- Scrutiny of inter-corporate loans and investments
- Valuation of undertakings or assets of the Company, wherever it is necessary
- Evaluation of internal financial controls and risk management systems
- Reviewing with the management, the performance of statutory auditors, including cost auditors and internal auditors, adequacy of internal control systems
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit
- Discussion with internal auditors, any significant findings and follow-up thereon
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature, and reporting the matter to the Board
- Discussion with statutory auditors, before the audit commences, about the nature and scope of audit as well as post audit discussion to ascertain any area of concern
- To look into the reasons for substantial defaults, if any, in the payment to depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors



- To review the functioning of the Whistle Blower mechanism
- Approval of appointment of the CFO (i.e. the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing qualifications, experience and background of the candidate
- Carrying out such other functions as may be specifically referred to the Committee by the Company's Board of Directors and/or other Committees of Directors.
- Reviewing financial statements, in particular the investments made by the Company's unlisted subsidiaries.
- Reviewing the following information:
  - The The Management Discussion and Analysis of financial condition and results of operations;
  - Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
  - Management letters/letters of internal control weaknesses issued by the statutory auditors;
  - Internal audit reports relating to internal control weaknesses; and
  - The appointment, removal and terms of remuneration of internal auditors / chief internal auditor
- To call for comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board and to discuss any related issue with the internal and statutory auditors and the management of the Company

## II. NOMINATION AND REMUNERATION COMMITTEE

Presently, the Nomination and Remuneration Committee comprise of three non-executive directors. The Committee met Once during the year i.e. February 14, 2017 and the attendance of the members at the meeting was as follows:

<b>Name of member</b>	<b>Status</b>	<b>No. of meetings attended</b>
Mr. Ashok Kumar Sharma	Chairman	1
Mr. Devashish Poddar	Member	Nil
Mr. Naresh Birla	Member	1

The role of the Committee shall, inter-alia, include the following:

- Laying down criteria, to identify persons who are qualified to become directors and who can be appointed in senior management.
- Recommending to the Board, appointment and removal of Directors and senior management.
- Carrying out evaluation of every director's performance.
- Formulating criteria for determining qualification, positive attributes and independence of directors.
- Recommending to Board, a policy relating to remuneration of directors, key managerial personnel and other employees.
- Devising a policy on Board diversity.

Performance Evaluation for Independent Directors:

The criteria for performance evaluation covers the areas relevant to the functioning as Independent Directors such as preparation, participation, conduct and effectiveness. The performance evaluation of Independent Directors was done by the entire Board of Directors and in the evaluation the directors who are subject to evaluation had not participated.

Details of directors' remuneration paid for the year 2016-2017.

(a) Executive Director NIL

(b) Non Executive Directors

<b>Name of Director</b>	<b>Sitting Fees paid during 2016-17</b>
Mr. Devashish Poddar	Rs. 4000
Mr. Naresh Birla	Rs. 8000
Mr. Ashok Kumar Sharma	Rs. 8000
Mrs. Malvika Poddar	Rs. 2000
Mr. Suresh Kumar Lakhotia	Rs. 6000

Note: No remuneration except sitting fees for attending Board Meetings are paid to the non-executive Directors (no change in sitting fees). No remuneration is paid to any Director for attending Board level Committee meetings.

### III. STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Stakeholders' Relationship Committee as on 31st March, 2017 comprises of Mr. Devashish Poddar, Mrs. Malvika Poddar and Mr. Naresh Birla.

The Company Secretary is entrusted with the responsibility to look into the redressal of the shareholder's complaints and report the same to the Committee.

During the year, No complaint was received from a shareholder. The same was replied/resolved to the satisfaction of the shareholder.

#### Terms of Reference

- Monitor redressal of investors' / shareholders' / security holders' grievances
- Oversee the performance of the Company's Registrars and Transfer Agents
- Recommend methods to upgrade the standard of services to investors
- Monitor implementation of the Company's Code of Conduct for Prohibition of Insider Trading
- Carry out any other function as is referred by the Board from time to time or enforced by any statutory notification / amendment or modification as may be applicable
  - To look into redressing of shareholders' and investors' complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividend etc.
  - To do all other acts or deeds as may be necessary or incidental thereto. The main object of the committee is to strengthen the investor relations.

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 Skyline Financial Services Private Ltd., Registrar & Share Transfer Agent of the Company. The delegated Authority is attending to share transfer formalities at least once in a fortnight, as required.

The Company Secretary acts as the Secretary to the Committee.

### 4. GENERAL BODY MEETINGS

I. Details of General Body Meetings:

<b>Financial Year</b>	<b>Date</b>	<b>Day</b>	<b>Time</b>	<b>Venue</b>
2015-16	29th September, 2016	Thursday	11.00 A.M.	Community Centre, Sector 9, Gurgaon-122 001



2014-15	29th June, 2015	Monday	10.00 A.M.	Institutional area, Plot no. 39, Sector 44, Gurgaon-122 003
2013-14	30th September, 2014	Tuesday	11.00 A.M.	Plot No 371 UdyogVihar, Phase VI, Sector 37, Gurgaon-122 001

## II. Special Resolutions passed in the previous three Annual General Meeting

Date	Description of Special Resolutions passed
29th September, 2016	- Nil
29th June, 2015	1.Approval of Related Party Transaction with Mrs. Chandra LekhaPoddar 2.Approval of Related Party Transaction with Mrs. Chandra LekhaPoddar
30th Sep., 2014	1.Fixing the limit of borrowing of the Company pursuant to Section 180 of the Companies Act, 2013 2.Approval and adoption of new Articles of Association of the Company

III. For the year ended March 31, 2017 there has been no ordinary or special resolution passed by the Company's Shareholders through postal ballot.

## 5. 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.

## 6. DISCLOSURES

### a) Related Party Transactions

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. The policy on Related Party Transactions is posted on the Company's website viz., [www.aravalisecurities.com](http://www.aravalisecurities.com).

### b) Details of non-compliance by the Company

There were no penalties, strictures imposed on the Company by the Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets during the last three years.

### c) Whistle Blower Policy

The Company has formulated Whistle Blower Policy and established a mechanism for Directors and employees to report to the management concerns about unethical behavior, actual or suspected fraud or violation of the Company's code of business conduct and ethics policy. The mechanism provides for adequate safeguards against victimization of director(s)/ employee(s) who avail of the mechanism and also provide for direct access to the Chairman of the Audit Committee in exceptional cases. The Whistle Blower Policy is posted on the Company's website viz., [www.aravalisecurities.com](http://www.aravalisecurities.com).

d) 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.

e) 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.

f) Adoption of non-mandatory requirements of (1) of Regulation 27 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

## 7. MEANS OF COMMUNICATION

Quarterly un-audited results and the Annual Audited financial results duly approved by the Board of Directors are sent to all the Stock Exchanges where the Company's shares are listed immediately after the Board Meeting and published in one vernacular newspaper viz. Veer Arjun and one English newspaper viz. The Pioneer. The Company also posts its

financial results for all quarters on its own website viz.,www.aravalisecurities.com. Official news releases are being displayed on the website of the Company.

## 8. GENERAL SHAREHOLDERS INFORMATION

1. Annual General Meeting will be held on Wednesday, the 27th day of September, 2017 at Huda Gymkhana Club, Plot No-1, Sector-4, Behind Huda Market, Gurgaon - 122006 (Haryana) at 11.00 A.M.
2. Financial calendar
 

1st April to 31st March	
First Quarter results	Before 15th August
Annual General Meeting	Second Quarter of the Financial Year
Second Quarter results	Before 15th November
Third Quarter results	Before 15th February
Fourth Quarter results	Before 30th May
3. Dates of book closure 22.09.2017 To 27.09.2017 (both days inclusive)
4. Dividend payment date No dividend is recommended for payment
5. Listing of equity shares on Stock Exchanges at :
 

BSE Limited, Mumbai	
Calcutta Stock Exchange Ltd., Kolkata*	
Delhi Stock Exchange Ltd., New Delhi*	

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

Annual Listing fees for the year 2017-2018 have been duly paid to BSE Limited.

- |               |                              |              |
|---------------|------------------------------|--------------|
| 6. Stock Code | BSE Limited                  | BSE:512344   |
|               | ISIN (for Dematerialisation) | INE068C01015 |

7. Stock Market Price data for the year 2016-17  
Share Price on BSE

Month	HIGH (Rs.)	LOW (Rs.)
April, 2016	5.56	4.07
May, 2016	5.75	5.10
June, 2016	6.00	5.45
July, 2016	5.45	4.93
August, 2016	4.70	3.65
September, 2016	5.23	4.00
October, 2016	4.97	3.67
November, 2016	3.69	2.58
December, 2016	3.38	2.47
January, 2017	3.74	2.95
February, 2017	3.91	3.00
March, 2017	4.15	3.26

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, 2017

Number of equity share held	Number of Share holders	Percentage (%)	Number of equity shares held	Percentage (%)
1 to 5000	14470	90.45	20656380	13.63
5001 to 10000	807	5.04	6424160	4.24
10001 to 20000	343	2.14	5070600	3.35
20001 to 30000	127	0.79	3224900	2.13
30001 to 40000	45	0.28	1625880	1.07
40001 to 50000	46	0.29	2207100	1.46
50001 to 100000	83	0.52	5787750	3.82
100001 and above	77	0.48	106541730	70.31
<b>Total</b>	<b>15998</b>	<b>100.00</b>	<b>15153850</b>	<b>100.00</b>

(b) Categories of Shareholders as on 31st March, 2017

Category	Number of share holders	(%) share holders	Number of equity shares held	(%) share holders
i) Promoters & person acting in concert	3	0.02	6131863	40.46
ii) Mutual Funds/ UTI	0	0.00	0	0.00
iii) Public Financial Institution/ Banks	8	0.05	13205	0.09
iv) Non Resident Indians	18	0.11	31802	0.21
v) Other Bodies Corporate	160	1	1637043	10.80
vi) Others	15809	98.82	7339937	48.44
<b>Total</b>	<b>15998</b>	<b>100.00</b>	<b>15153850</b>	<b>100.00</b>

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 83.61% of the Equity shares of the Company have been dematerialised upto 31st March, 2017.

11. The address for correspondence is as mentioned below :

**Registered Office**

ARAVALI SECURITIES & FINANCE LIMITED  
Plot No. 136, Fourth Floor, Rider House,  
Sector 44, Gurgaon-122003, Haryana

Place : Gurgaon  
Date: 11<sup>th</sup> August, 2017

By Order of the Board of Directors

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

## CERTIFICATE ON 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 ('the Company'), for the year ended 31st March, 2017 as stipulated in Regulation 17-27, Para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations, 2015") and other information as required for this report.

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 Corporate Governance. 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 the SEBI Listing Regulations, 2015.

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.

Place: Gurgaon  
Date: 11th August, 2017

For NKS & Company  
( Nitesh Kumar Sinha)  
Practising Company Secretary  
FCS No.: 7536  
C P No.: 7648

## CEO/ CFO CERTIFICATION

To

The Board of Directors  
Aravali Securities & Finance Limited

Dear Sirs,

- 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, 2017 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.

Dated : 11<sup>th</sup> August, 2017.

Sushil Kumar  
Chief Financial Officer

Ranjan Kumar Poddar  
Chairman & Managing Director  
DIN: 00290949

## DECLARATION

I, Ranjan Kumar Poddar, Chairman & Managing Director of the Company, hereby certify that the Board Members and Senior Management Personnel have affirmed compliance with the Rules of Code of Conduct for the financial year ended 31st March, 2017 pursuant to the requirements of Clause 49 of the Listing Agreement/SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Date: 11<sup>th</sup> August, 2017

For Aravali Securities & Finance Limited

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, 2017 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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation and presentation 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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 have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 the 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the financial statements.

## 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, 2017;
- (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, 2016 ("the Order") issued by the Central Government in terms of sub-section (11) of Section 143 of the Act, we give in the 'Annexure A' statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required under the provisions of Section 143(3) of the Act, we report that:
  - a. We have sought and 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 specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - e. On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act;
  - f. With respect to the adequacy of internal financial controls over financial reporting of the Company and operating effectiveness of such controls, refer to our separate report in 'Annexure-B'; and
  - g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company does not have any pending litigations which would impact its financial position except the sales tax liability pending in appeals/ rectification of Rs.160969, as referred in note 1.10
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
    - iv. The Company has provided requisite disclosures in its financial statements as to holdings as well as dealings in specified bank Notes during the period from 08.11.2016 to 30.12.2016 and the same are in accordance with the books of accounts maintained by the company.

For SALARPURIA & PARTNERS  
Chartered Accountants

KAMAL KUMAR GUPTA  
Partner  
Membership No. 89190

Place : Camp Gurgaon  
Dated : 29<sup>th</sup> May, 2017.



## **ANNEXURE-A 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, 2017)

- i. a. The Company has maintained 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 explanations received, in our opinion, no discrepancy between the book records and physical inventory has been noticed in respect of assets physically verified.
- c. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- ii. As explained to us, the inventories were physically verified during the year by the management at reasonable intervals 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 11.
- iii. The Company has not given any loan to Company covered in the register maintained under Section 189 of the Companies Act, 2013:
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities.
- v. According to the information and explanations given to us, the Company has not accepted any deposits from the public.
- vi. The Central Government has not prescribed maintenance of the cost records under section 148(1) of the Companies Act, 2013 in respect of any of the company's activities.
- vii. 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, employees' state insurance, income- tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other statutory dues 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, service tax, duty of customs, duty of excise value added tax, which have not been deposited on account of disputes. The particulars of dues of sales tax as at 31st March, 2017 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

- viii. The Company did not have any outstanding dues to financial institutions, banks or debenture holders during the year except sum of Rs. 142000 received from Fully Convertible partly paid up Debentures which were convertible into fully paid up equity shares and which have not been converted pending allotment money in arrears, as mentioned in Note 1.2 & Note 4.
- ix. The Company has not raised any money by way of initial public offer or further public offer (including debit instruments) and term loans during the period. Accordingly, paragraph 3 (ix) of the Order is not applicable to the Company.
- x. In our opinion and according to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees have been noticed or reported during the year.
- xi. The Company has not paid/provided for managerial remuneration and accordingly paragraph 3 (xi) of the Order is not applicable to the Company.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3 (xii) of the Order is not applicable to the Company.
- xiii. According to the information and explanations given to us and on the basis of our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the period. Accordingly, paragraph 3 (xiv) of the Order is not applicable to the Company.
- xv. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3 (xv) of the Order is not applicable to the Company.
- xvi. The Company is required to be registered under section 45-1A of the Reserve Bank of India Act, 1934 and has obtained registration under the said section.

For SALARPURIA & PARTNERS  
Chartered Accountants  
Registration No. 302113E

KAMAL KUMAR GUPTA  
Partner  
Membership No. 89190

Place : Camp Gurgaon  
Dated : 29<sup>th</sup> May, 2017.



## **ANNEXURE-B TO THE INDEPENDENT AUDITORS' REPORT**

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Aravali Securities & Finance Limited ("the Company") as of 31st March, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For SALARPURIA & PARTNERS  
Chartered Accountants  
Registration No. 302113E

KAMAL KUMAR GUPTA  
Partner  
Membership No. 89190

Place : Camp Gurgaon  
Dated : 29<sup>th</sup> May, 2017.

**BALANCE SHEET AS AT 31st MARCH, 2017**

<b>EQUITY AND LIABILITIES</b>	<b>Notes</b>	<b>As at 31st March, 2017 Rupees</b>	<b>As at 31st March, 2016 Rupees</b>
<b>SHARE HOLDERS' FUNDS</b>			
Share Capital	2	<b>151538500</b>	151538500
Reserves and Surplus	3	<b>(168691049)</b>	(161261949)
		<b>(17152549)</b>	(9723449)
<b>CURRENT LIABILITIES</b>			
Short Term Borrowings	4	<b>106142000</b>	96992000
Other Current Liabilities	5	<b>23716307</b>	17166930
Short Term Provisions	6	<b>771070</b>	809670
		<b>130629377</b>	114968600
<b>TOTAL</b>		<b>113476828</b>	105245151
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Fixed Assets			
Tangible Assets	7	<b>23488643</b>	23635002
Non Current Investments	8	<b>41123070</b>	41123070
Deffered Tax Assets (Net)	9	<b>3897604</b>	3897604
		<b>68509317</b>	68655676
<b>CURRENT ASSETS</b>			
Current Investments	10	<b>453875</b>	453875
Inventories	11	<b>215375</b>	225077
Cash and Cash Equivalents	12	<b>4926033</b>	1111435
Short Term Loans & Advances	13	<b>30526603</b>	27470757
Other Current Assets	14	<b>8845625</b>	7328331
		<b>44967511</b>	36589475
<b>TOTAL</b>		<b>113476828</b>	105245151
<b>ACCOUNTING POLICIES AND NOTES ON FINANCIAL STATEMENTS</b>	1 to 19		

The notes referred to above form an integral part of the Financial Statements  
As per our report of even date attached.

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

For and on behalf of the Board

KAMAL KUMAR GUPTA  
Partner  
Membership No. 89190

Ranjan Kumar Poddar  
Chairman & Managing Director

Devashish Poddar  
Ashok Kumar Sharma  
Suresh Kumar Lakhotia  
Naresh Birla  
Directors

Place : Camp Gurgaon  
Dated : 29<sup>th</sup> May, 2017.

Sushil Kumar  
Chief Financial Officer

Mohit Kaushik  
Company Secretary



## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2017

	Notes	For year ended 31st March, 2017	For year ended 31st March, 2016
		Rupees	Rupees
<b>REVENUE</b>			
Revenue from Operations	15	11117802	3852057
Other Income	16	4456905	12781965
<b>TOTAL REVENUE</b>		<b>15574707</b>	<b>16634022</b>
<b>EXPENSES</b>			
Change in Inventory of Stock in Trade	17	9702	678
Employee Benefits Expense	18	3536970	3858511
Finance Costs			
Interest		10638729	10095078
Depreciation		700255	1070315
Other Expenses	19	8111751	6223609
<b>TOTAL EXPENSES</b>		<b>22997407</b>	<b>21248191</b>
<b>PROFIT/(LOSS) BEFORE TAX &amp; PROVISIONS</b>		<b>(7422700)</b>	<b>(4614169)</b>
Provision for Diminution in Value of Investments		-	239420310
<b>PROFIT/(LOSS) BEFORE TAXATION</b>		<b>(7422700)</b>	<b>(244034479)</b>
Tax Expenses			
In respect of earlier years		6400	31219
<b>LOSS FOR THE YEAR</b>		<b>(7429100)</b>	<b>(244065698)</b>
<b>EARNINGS PER EQUITY SHAR</b>		<b>(0.49)</b>	<b>(16.11)</b>
Basic and Diluted (in Rs)			
<b>ACCOUNTING POLICIES AND NOTES ON FINANCIAL STATEMENTS</b>	1 to 19		

The notes referred to above form an integral part of the Financial Statements  
As per our report of even date attached.

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

For and on behalf of the Board

KAMAL KUMAR GUPTA  
Partner  
Membership No. 89190

Ranjan Kumar Poddar  
Chairman & Managing Director

Devashish Poddar  
Ashok Kumar Sharma  
Suresh Kumar Lakhotia  
Naresh Birla  
Directors

Place : Camp Gurgaon  
Dated : 29<sup>th</sup> May, 2017.

Sushil Kumar  
Chief Financial Officer

Mohit Kaushik  
Company Secretary

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017**

	<u>Year ended 31st March,2017</u>		<u>Year ended 31st March,2016</u>	
	Rupees	Rupees	Rupees	Rupees
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit before tax and extraordinary items		<b>(7422700)</b>		(244034479)
Adjustment for				
Depreciation	<b>700255</b>		1070315	
Dividend on Investments	-		(50)	
Profit /Loss on fixed assets sold/ discarded (Net)	-		(4900)	
Provision for Diminution in value of Investments	-		239420310	
Provision for Standard assets as per RBI				
Prudential Norms	<b>27148</b>		(100206)	
Profit on Sale of Investment	-		(9031392)	
Interest	<b>10638729</b>		10095078	
Employee's Leave Encashment	<b>(65748)</b>	<b>11300384</b>	<u>140541</u>	<u>241589696</u>
Operating Profit before Working Capital Changes		<b>3877684</b>		(2444783)
Adjustment for				
Trade & Other Receivables	<b>(5643220)</b>		46976459	
Inventories	<b>9702</b>		678	
Trade & Other Payables	<b>370072</b>	<b>(5263446)</b>	<u>(47463298)</u>	<u>(486161)</u>
Cash generated from Operations		<b>(1385762)</b>		(2930944)
Interest paid	<b>(4459424)</b>		(7789994)	
Taxes paid	<b>1063680</b>	<b>(3395744)</b>	<u>(715206)</u>	<u>(8505200)</u>
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>		<b>(4781506)</b>		(11436144)
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
Sale of Fixed Assets	-		5000	
Purchase of Fixed Assets	<b>(553896)</b>		(33000)	
Dividend received on Investments	-		50	
Sale of Investment	-		10460001	
Purchase of Investments	-		-	
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>		<b>(553896)</b>		10432051
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
Increase / (Decrease) in other borrowings	<b>9150000</b>		<u>(43200000)</u>	
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>		<b>9150000</b>		(43200000)
<b>D. NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>3814598</b>		(44204093)
CASH AND CASH EQUIVALENT AS AT 31-03-2016		<b>1111435</b>		45315528
CASH AND CASH EQUIVALENT AS AT 31-03-2017		<b>4926033</b>		1111435

**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

Place : Camp Gurgaon  
Dated : 29<sup>th</sup> May, 2017.

For and on behalf of the Board

Ranjan Kumar Poddar  
Chairman & Managing Director

Sushil Kumar  
Chief Financial Officer

Devashish Poddar  
Ashok Kumar Sharma  
Suresh Kumar Lakhotia  
Naresh Birla  
Directors

Mohit Kaushik  
Company Secretary



## 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 based on life assigned to each asset in accordance with Schedule II of the Companies Act, 2013.

#### vii) Fixed Assets

Fixed assets are stated at cost less depreciation.

#### viii) Investments

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

#### ix) Inventories

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

#### x) Deferred Tax

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

#### xi) Employee Benefits

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

**NOTE 1 : CONTINUED**

**b. Contribution to Provident & Other Funds**

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

**c. Compensated Absences**

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

**xii) Contingent Liabilities**

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

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

	<b>For year ended 31st March, 2017</b>	<u>Gratuity</u>	<b>For year ended 31st March, 2016</b>
I. Net Asset/(Liability) recognised in the Balance Sheet			
As at end of the year			
Present Value of Defined Benefit Obligations (DBO)	<b>909720</b>		695532
Fair Value of Plan Assets	<b>1634003</b>		1515948
Funded Status - Surplus	<b>724283</b>		820416
Net Asset/(Liability) recognised in the Balance Sheet	<b>Nil</b>		Nil
II. Changes in DBO during the year			
Present Value at beginning of the year	<b>695532</b>		735211
Current Service Cost	<b>24869</b>		27751
Interest Cost	<b>55643</b>		58817
Actuarial Losses/(Gains)	<b>133676</b>		(48882)
Benefits Paid	<b>-</b>		(77365)
Present Value at the end of the year	<b>909720</b>		695532
III. Changes in Fair Value of Plan Assets during the year			
Plan Assets at beginning of the year	<b>1515948</b>		1475203
Actual return on Plan Assets	<b>118055</b>		117232
Contribution	<b>-</b>		878
Benefits Paid	<b>-</b>		(77365)
Plan Assets at the end of the year	<b>1634003</b>		1515948
IV. Components of employees expenses			
Current Service Cost	<b>24869</b>		27751
Interest Cost	<b>55643</b>		58817
Expected return on Plan Assets	<b>(118055)</b>		(117232)
Actuarial Losses/(Gains)	<b>133676</b>		(48882)
Expenses / Income Recognised in the Profit & Loss Account	<b>Nil</b>		Nil
V. Actual Contribution and Benefits Payment for the year			
Actual Benefits Payment	<b>-</b>		(77365)
Actual Contribution	<b>-</b>		878
Discount Rate	<b>8%</b>		8%
Expected return on Plan Assets	<b>9%</b>		9%
Salary Escalation	<b>6%</b>		6%



## NOTE 1 : CONTINUED

### 1.5 Related Party Disclosures

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

Name of the Party	Relation
I. The Sirpur Paper Mills Limited	Aravali Securities & Finance Limited is Promoter
II. Carma Arts & Crafts Private Limited	Associate
Devi Developers Private Limited	Associate
Devi Overseas Private Limited	Associate
Carma Creative Private Limited	Associate
Boutique Hotels India Private Limited	Associate
Devi Business Hotels Private Limited	Associate
III. Mrs. Chandra Lekha Poddar	Promoter of the Company
Mr. Devashish Poddar	Director of the Company
Mrs. Malvika Poddar	Director of the Company
IV. Key Management Personnel	
Ms. Anuradha Rawat	Company Secretary upto 05.10.2016
Mr. Mohit Kaushik	Company Secretary wef 01.03.2017
Mr. Sushil Kumar	Chief Financial Officer

#### (B) Related Party Transactions

Related Party Transactions	Associates	Promotee Company	Promotor/ Director	Key Management Personnel
	Rupees	Rupees		Rupees
Lease/Rent Income	<b>3735000</b> (1950000)	<b>20000</b> (30000)		
Interest Income		-		
		(274650)		
Interest Expenditure	<b>285411</b> (389425)		<b>2941729</b> (2506433)	
Rent, Office Maintenance, and Telephone Expenses		<b>427550</b> (639024)		
Remuneration paid				<b>880803</b> (1003629)
Sale of Investment			-	
			(9360000)	
Finance provided				
Loans received back		-		
		(18406478)		
Finance Received				
Loans Received	-		<b>12365622</b>	
	(5000000)		(17500000)	
Loans repaid	<b>5000000</b>		<b>8215622</b>	
	(12500000)		(7000000)	
<u>Balances outstanding as on 31.3.2017</u>				
Outstanding/receivables (debit)	<b>315000</b> (5000)			
Outstanding/payable (credit)			<b>3179526</b> (27834378)	
			(5304303)	

**NOTE 1 : CONTINUED**

**1.6 Basic and diluted earning per equity share**

	<b>For year ended 31st March, 2017</b>	For year ended 31st March, 2016
Net Loss after tax	<b>(Rs 7429100)</b>	(Rs 244065698)
Weighted average number of equity shares	<b>15153850</b>	15153850
Basic and diluted earnings per equity share	<b>Rs. (0.49)</b>	Rs. (16.11)

**1.7 Segment Reporting**

	<b>For year ended 31st March, 2017 Rupees</b>	For year ended 31st March, 2016 Rupees
I Segment Revenues :		
a) Shares & Securities	<b>7344715</b>	9031441
b) Financing	<b>3773087</b>	3852057
<b>Total</b>	<b>11117802</b>	12883498
II. Segment Results before Tax, Interest & Other Unallocable Items :		
a) Shares & Securities	<b>7335012</b>	9030763
b) Financing	<b>3773087</b>	3852057
<b>Total</b>	<b>11108099</b>	12882820
Less : Interest	<b>10638729</b>	10095078
	<b>469370</b>	2787742
Unallocable items :		
Other Unallocable Expenditure	<b>(12348976)</b>	(11152435)
Other Unallocable Income	<b>4456906</b>	3750524
<b>Loss before Tax &amp; Provisions</b>	<b>(7422700)</b>	(4614169)
<b>Less: Provision for Diminution in value of investments</b>	<b>-</b>	(239420310)
	<b>(7422700)</b>	(244034479)
<b>Loss before Tax</b>		
Less : Taxes	<b>6400</b>	31219
<b>Loss after Tax</b>	<b>(7429100)</b>	(244065698)
III. Segment Assets :		
a) Shares & Securities	<b>41792320</b>	41802022
b) Financing	<b>33922381</b>	30526603
c) Unallocable assets	<b>37762127</b>	32916526
<b>Total</b>	<b>113476828</b>	105245151
IV. Segment Liabilities :		
a) Unallocable liabilities	<b>4241469</b>	3909997
b) Unallocated Unsecured Loans	<b>126387908</b>	111058603
<b>Total</b>	<b>130629377</b>	114968600

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 13 of Non Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 2008

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	126245908	10927922
* 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	33922381	-
3) Break up of Investments (Net of diminution in value of investments)		
a) Current Investments		
1) Quoted		
- Equity Shares	215374	
- Units of Mutual Funds	453875	
b) Long Term Investments		
1) Quoted		
- Equity Shares	41084670	
- UTI Bonds	38400	
4) Borrower group-wise classification of all assets financed as in 2 above	<b>Amount Net of Provisions</b>	
	<b>Secured</b>	<b>Unsecured</b>
a) Related Parties		<b>Total</b>
1) Subsidiaries	-	-
2) Companies in the same group	-	-
3) Other related parties	-	-
b) Other than related parties	-	33922381
<b>Total</b>	-	33922381
5) Investor group-wise classification of all investments (current and long term)	<b>Market Value Break up Value or Fair Value or NAV</b>	<b>Book Value (net of provisions)</b>
a) Related Parties		
1) Subsidiaries	-	-
2) Companies in the same group	-	-
3) Other related parties	41070000	41069999
b) Other than related parties	808057	722320
<b>Total</b>	41878057	41792319

**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 Details of Specified Bank Notes held and transacted during the period from 8th November 2016 to 30th December 2016**

Particular	SBNs	Other Denomination notes	Total
Closing cash in hand as on 08-11-2016	65000	3549	68549
(+) Permitted receipts	-	70000*	70000
(-) Permitted payments	-	46500	46500
(-) Amount deposited in Banks	65000	-	65000
Closing cash in hand as on 30-12-2016	-	27049	27049

\* Withdrawn from Bank

**1.10 Contingent Liabilities**

Sales tax liabilities pending company's appeals/rectifications Rs. 160969 (Rs. 160969)

**1.11 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.	<b>77038</b> (77038)	<b>225077</b> (225755)	-	-	<b>4400</b> (-)	<b>79200</b> (-)	<b>72638</b> (77038)	<b>215375</b> (225077)

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

As per our report of even date attached.

For SALARPURIA & PARTNERS

Chartered Accountants  
(Registration No 302113E)

For and on behalf of the Board

KAMAL KUMAR GUPTA  
Partner  
Membership No. 89190

Ranjan Kumar Poddar  
Chairman & Managing Director

Devashish Poddar  
Ashok Kumar Sharma  
Suresh Kumar Lakhotia  
Naresh Birla  
Directors

Place : Camp Gurgaon  
Dated : 29<sup>th</sup> May, 2017.

Sushil Kumar  
Chief Financial Officer

Mohit Kaushik  
Company Secretary



## NOTE 2 : SHARE CAPITAL

	<u>As at 31st March, 2017</u>	<u>As at 31st March, 2016</u>
	Rupees	Rupees
<b>AUTHORISED</b>		
20000000(20000000) Equity Shares of Rs. 10 each	<u>200000000</u>	<u>200000000</u>
<b>ISSUED, SUBSCRIBED AND PAID UP</b>		
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	<u>As at 31st March 2017</u>		<u>As at 31st March 2016</u>	
	No of shares	% of holding	No of shares	% of holding
Chandra Lekha Poddar	5079603	33	5079603	33

- 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, 2016</u>	<u>Addition during the year</u>	<u>As at 31st March, 2017</u>
	Rupees	Rupees	Rupees
Securities Premium Reserve	127062200	-	127062200
NBFC Reserve Fund	16427862	-	16427862
Profit and Loss Account	(304752011)	(7429100)	(312181111)
	<u>(161261949)</u>	<u>(7429100)</u>	<u>(168691049)</u>

## NOTE 4 : SHORT TERM BORROWINGS

		<b>As at 31st March, 2017</b>	As at 31st March, 2016
		<b>Rupees</b>	Rupees
12.5% Fully Convertible Debentures			
<b>2272</b> (2272) Debentures of Rs.125 each	<b>284000</b>		
Less: Allotment money in arrears	<b>142000</b>	<b>142000</b>	142000
Intercorporate			
From Related Parties		<b>29150000</b>	30000000
From Others		<b>76850000</b>	66850000
		<b>106142000</b>	96992000

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

## NOTE 5 : OTHER CURRENT LIABILITIES

		<b>As at 31st March, 2017</b>	As at 31st March, 2016
		<b>Rupees</b>	Rupees
Interest accrued and due on borrowings		<b>10927922</b>	7440656
Interest accrued but not due on borrowings		<b>9317986</b>	6625947
Statutory Dues		<b>1147843</b>	1081384
Other Liabilities for expenses		<b>2322556</b>	2018943
		<b>23716307</b>	17166930
No amount is due to micro and small enterprises			

## NOTE 6 : SHORT TERM PROVISIONS

		<b>As at 31st March, 2017</b>	As at 31st March, 2016
		<b>Rupees</b>	Rupees
Provision for Leave Encashment		<b>652342</b>	718090
Provision for Standard Assets as per RBI Prudential Norms		<b>118728</b>	91580
		<b>771070</b>	809670

**NOTE 7 : FIXED ASSETS**

DESCRIPTION	GROSS BLOCK			DEPRECIATION			NET CARRYING VALUE		
	As at 31st March, 2016 Rupees	Additions during the year Rupees	Sold during the year Rupees	As at 31st March, 2016 Rupees	During the year Rupees	Adjustments On Sales Rupees	Upto 31st March, 2017 Rupees	As at 31st March, 2017 Rupees	As at 31st March, 2016 Rupees
Land	3425098	-	-	3425098	-	-	-	3425098	3425098
Building	28865465	-	-	28865465	578647	-	9800877	19064588	19643235
Vehicles	817804	-	-	817804	100217	-	386518	431286	531503
Furniture & Office Equipments	1451787	541896	-	1993683	8786	-	1454368	539315	6205
Computers	564834	12000	-	576834	12605	-	548478	28356	28961
<b>TOTAL</b>	35124988	553896	-	35678884	700255	-	12190241	23488643	23635002
	(35125422)	(33000)	(33434)	(35124988)	(10453005)	(1070315)	(33334)	(23635002)	(24672417)



## NOTE 8 : NON CURRENT INVESTMENTS

	<b>As at 31st March, 2017</b>	As at 31st March, 2016
	<b>Rupees</b>	Rupees
<b>NON - TRADE (AT COST)</b>		
<b>(Quoted)</b>		
<b>In Promotee Company</b>		
<b>4107000</b> (4107000) Ordinary Shares of Rs.10 each fully paid of The Sirpur Paper Mills Limited	<b>280490309</b>	280490309
<b>In Others</b>		
<b>3750</b> (3750) Equity Shares of Rs. 10 each fully paid of Hindustan Commercial Investment Trust Limited	<b>25000</b>	25000
<b>140</b> (140) Equity Shares of Rs. 10 each fully paid of International Paper APPM Limited	<b>14671</b>	14671
<b>384</b> (384) 6.75% Tax Free US 64 Bonds of Rs. 100 each fully paid of Unit Trust of India	<b>38400</b>	38400
<b>TOTAL</b>	<b>280568380</b>	280568380
Less : Diminution in value of Investments	<b>239445310</b>	239445310
	<b>41123070</b>	41123070
a) Aggregate value of Quoted Investments	<b>280568380</b>	280568380
b) Market value of Quoted Investments	<b>41153627</b>	41143532
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.		

## NOTE 9 : DEFERRED TAX ASSETS (NET)

	<b>As at 31st March, 2017</b>	As at 31st March, 2016
	<b>Rupees</b>	Rupees
<b>Deferred Tax Assets</b>		
Losses under Income Tax Act	<b>3719141</b>	3719141
Disallowances under Income Tax Act	<b>178463</b>	178463
	<b>3897604</b>	3897604
<b>Deferred Tax Assets (Net)</b>	<b>3897604</b>	3897604



## NOTE 10 : CURRENT INVESTMENTS

	<u>As at 31st March, 2017</u>	<u>As at 31st March, 2016</u>
	Rupees	Rupees
<b>Quoted</b>		
(At Cost or fair value whichever is less)		
In Mutual Funds		
HDFC Liquid Fund - Growth	453875	453875
	<u>453875</u>	<u>453875</u>
NAV of Mutual Fund as on 31st March, 2017 <b>Rs 509047</b> (Rs 474826)		

## NOTE 11 : INVENTORIES

	<u>As at 31st March, 2017</u>	<u>As at 31st March, 2016</u>
	Rupees	Rupees
<b>Stock In Trade</b>		
(As per inventories taken, valued at cost or net realisable value, which ever is lower and certified by the management)		
<b>Shares &amp; Securities - Quoted</b>		
<u>No of Shares</u> <u>Name of the Company</u>		
1600    Atul Glass Products Ltd.	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
700    Norplex Oak India Ltd.	8358	8358
350    Orkay Industries Ltd.	646	646
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 Finance & Industries Ltd.	1690	1690
10    ICICI Bank	2760	2360
	<u>215375</u>	<u>225077</u>
Market Value of quoted Shares	215383	225084
(Where market value is not available, carrying amount has been taken as market value)		

@ Not registered in the name of the company.

## NOTE 12 :CASH AND CASH EQUIVALENTS

	<b>As at 31st March, 2017</b>	As at 31st March, 2016
	<b>Rupees</b>	Rupees
Cash in hand (As per book & certified)	9741	8260
Balances with Scheduled Banks: In Current Accounts	4916292	1103175
	<b>4926033</b>	<b>1111435</b>

## NOTE 13 : SHORT TERM LOANS AND ADVANCES

	<b>As at 31st March, 2017</b>	As at 31st March, 2016
	<b>Rupees</b>	Rupees
Loans and Advances (Unsecured,considered good)		
To Others	30526603	27470757
	<b>30526603</b>	<b>27470757</b>

## NOTE 14 : OTHER CURRENT ASSETS

	<b>As at 31st March, 2017</b>	As at 31st March, 2016
	<b>Rupees</b>	Rupees
Interest accrued on loans	3395778	3055846
Advances recoverable in cash or in kind or for value to be received	718932	60490
Income tax payments and tax deducted at source (net of provisions)	1034095	2104175
Mat Credit Entitlement	1857032	1857032
Security and Other Deposits	1839788	250788
	<b>8845625</b>	<b>7328331</b>

## NOTE 15 : REVENUE FROM OPERATIONS

	<b>As at 31st March, 2017</b>	As at 31st March, 2016
	<b>Rupees</b>	Rupees
Sale of Shares	79200	-
Profit/Loss in dealing of Shares	7265515	-
Interest Income -Tax deducted at source Rs 377309 (Rs 385206)	3773087	3852057
	<b>11117802</b>	<b>3852057</b>



## NOTE 16 : OTHER INCOME

	<b>As at 31st March, 2017</b>	As at 31st March, 2016
	<b>Rupees</b>	Rupees
Interest -Tax deducted at source <b>Rs 798</b> ( Nil)	<b>118736</b>	-
Dividend	-	50
Rent -Tax deducted at source <b>Rs 360000</b> (Rs 330000)	<b>3755000</b>	3500000
Miscellaneous Income	<b>140732</b>	144588
Sundry Balances Written Back	<b>442438</b>	830
Profit on Sale of Assets	-	4900
Profit on Sale of Investments	-	8881200
Profit on Sale of Mutual Fund	-	150192
Provision for Standard Assets Written Back	-	100206
	<b>4456905</b>	12781965

Dividend includes Rs NIL (Nil) from Long Term Investments

## NOTE 17 : CHANGES IN INVENTORY OF STOCK IN TRADE

	<b>As at 31st March, 2017</b>	As at 31st March, 2016
	<b>Rupees</b>	Rupees
<b>Opening Inventory</b>		
Shares & Securities	<b>225077</b>	225755
<b>Less: Closing Inventory</b>		
Shares & Securities	<b>215375</b>	225077
<b>Increase in Inventory</b>	<b>9702</b>	678

## NOTE 18 : EMPLOYEE BENEFITS EXPENSE

	<b>As at 31st March, 2017</b>	As at 31st March, 2016
	<b>Rupees</b>	Rupees
Salaries, Bonus & Allowances	<b>3094401</b>	3376590
Contribution to Provident & Allied Funds (including Administration Charges)	<b>202415</b>	214305
Contribution to Gratuity Fund	<b>3719</b>	2500
Welfare Expenses	<b>236435</b>	265116
	<b>3536970</b>	3858511

**NOTE 19 : OTHER EXPENSES**

	<b>As at 31st March, 2017</b>	<b>As at 31st March, 2016</b>
	<b>Rupees</b>	<b>Rupees</b>
Rent	<b>1105098</b>	608406
Rates & Taxes	<b>361226</b>	165503
Insurance	<b>16517</b>	17754
Directors' Meeting Fee	<b>28000</b>	26000
Travelling & Conveyance	<b>205671</b>	181565
Vehicles' Expenses	<b>210886</b>	168755
Printing & Stationery	<b>276033</b>	312545
Postage & Telephone Expenses	<b>570237</b>	455270
Legal & Professional Charges	<b>1333338</b>	1096527
Advertisement Expenses	<b>58350</b>	76576
Electricity & Water Expenses	<b>2706812</b>	2255858
Miscellaneous Expenses	<b>516297</b>	461048
Auditors' Remuneration :		
As Audit Fee	<b>28750</b>	26732
For Tax Audit	<b>5750</b>	5725
For Certification	<b>7188</b>	7023
Repairs and Maintenance :		
On Others	<b>654450</b>	358322
Provision for Standard Assets as per RBI Prudential Norms	<b>27148</b>	-
	<b>8111751</b>	6223609



## ARAVALI SECURITIES & FINANCE LIMITED

Regd. Office: Plot No. 136, Rider House, 4th Floor, Sector 44, Gurgaon - 122003.

### ATTENDANCE SLIP

TO BE HANDED OVER AT THE ENTRANCE OF THE MEETING VENUE

LEDGER FOLIO NO.....

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

\*Applicable to members holding shares in electronic form.

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

\* STRIKE OUT WHICH EVER IS NOT APPLICABLE

I hereby record my presence at the 37th Annual General Meeting of the Company at, Huda Gymkhana Club, Plot No-1, Sector 4, Behind HUDA Market, Gurgaon- 122006 (Haryana) on Wednesday, the 27th day of September, 2017, at 11.00 a.m.

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

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



