

SALARPURIA & PARTNERS

CHARTERED ACCOUNTANTS

AUDITORS' REPORT

1. We have audited the attached Balance Sheet of ARAVALI SECURITIES & FINANCE LIMITED, as at 31st March, 2011 and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 (the 'Act') we give in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) 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;
 - (iii) The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;

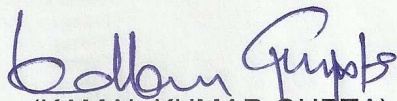


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- (iv) In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- (v) On the basis of written representations received from the directors, as on 31st March, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements read together with the Notes thereon appearing in Schedule – 12 give in the prescribed manner the information required by the Act, 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, 2011; and
- (b) in the case of the Profit and Loss Account, 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.

For SALARPURIA & PARTNERS
CHARTERED ACCOUNTANTS
(Registration No.302113E)


(KAMAL KUMAR GUPTA)
PARTNER
M.No.89190

Place: Camp Gurgaon
Date: 30th May 2011



SALARPURIA & PARTNERS

CHARTERED ACCOUNTANTS

ANNEXURE TO AUDITORS' REPORT

(Referred to in paragraph (3) of our report of even date to the members of Aravali Securities & Finance Limited as at and for the year ended 31st March, 2011)

- i. a. The Company is maintaining proper records showing full particulars, including quantitative details and situation of its fixed assets.
- b. The fixed assets of the company were physically verified by the management during the year. In our opinion, frequency of physical verification is reasonable having regard to the size of the operation of the company. On the basis of explanation received, in our opinion, no discrepancy between the book records and physical inventory has been noticed in respect of assets physically verified.
- c. During the year, the Company has not disposed off a substantial part of its fixed assets.
- ii. a. As explained to us, the inventories were physically verified during the year by the management at reasonable intervals. In our opinion, having regard to the nature of stocks, the frequency is reasonable.
- b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management were reasonable and adequate in relation to the size of the Company and the nature of its business.
- c. On the basis of our examination of records of inventories, in our opinion, the Company has maintained proper records of its inventories and no material discrepancy was noticed on physical verification **except to the extent of shares not registered in the name of the company as mentioned in Schedule 6.**
- iii. a. The Company has taken loan from a company, covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 25 Lacs and the balance outstanding at the close of the year is Rs.25 Lacs.

The rate of interest and other terms and conditions of the loan are, in our opinion prima facie not prejudicial to the interests of the company.

The payment of principal amount and interest in respect of such loan are as per stipulations.
- b. The Company has given loans to parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 546.46 Lacs and the balance outstanding at the close of the year is Rs.48.15 Lacs.



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CHARTERED ACCOUNTANTS

In our opinion, the rate of interest and other terms and conditions of loans given by the company are prima facie not prejudicial to the interests of the company.

The parties have repaid part of the principal amount and interest.

There is no overdue amount of loans granted to the company, listed in the register maintained under section 301 of the Companies Act, 1956.

- iv. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. Further, on the basis of our examination and according to the information and explanations given to us, we have neither come across nor we have been informed of any instance of major weaknesses in the aforesaid internal control systems.
- v.
 - a. According to the information and explanations given to us, the contracts or arrangements that need to be entered in the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
 - b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding the value of five lacs rupees in respect of any party entered into during the year are at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi. As informed, the Company has not accepted any deposits from the public.
- vii. In our Opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- viii. The Central Government has not prescribed maintenance of the cost records under section 209(1) (d) of the Companies Act, 1956 in respect of any of the company's activities.
- ix.
 - a. According to the information and explanations given to us and the books and records as produced and examined by us, in our opinion, the undisputed statutory dues including in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and others as applicable have been regularly deposited by the Company during the year with the appropriate authorities. There were no undisputed statutory dues as at the last day of the financial year outstanding for a period of more than six months from the date they became payable.



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CHARTERED ACCOUNTANTS

- b. According to the records of the company, there were no dues of income tax, wealth tax, service tax, custom duty, excise duty, cess which have not been deposited on account of disputes. The particulars of dues of sales tax as at 31st March 2011 which have not been deposited on account of disputes are as under:

Name of the dues	Period	Amount under dispute not yet deposited	Forum before whom pending
Sales Tax	Financial year 1984-85, 1985-86, 2000-01 and 2001-02	Rs. 1,60,969	Asst. Commissioner of Sales Tax (Appeals) Delhi

- x. The company does not have accumulated losses at the end of the year. The company has incurred cash losses in the financial year covered by our audit but has not incurred cash losses in the immediately preceding financial year.
- xi. No default in repayment of dues to financial institutions or banks or debenture holders occurred during the year under review.
- xii. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. The provisions of any special statute applicable to chit fund, nidhi/mutual benefit fund/societies as specified under clause (xiii) of paragraph 4 of the Order are not applicable to this Company.
- xiv. In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its transactions and contracts for dealing in shares, securities and other investments and has made timely entries therein. The company is holding all the shares, securities and other investments in its own name except to the **extent mentioned in Schedule 6**.
- xv. The Company has not given any guarantee for loans taken by others from bank or financial institutions except those mentioned in Schedule-5.
- xvi. The Company has not taken any term loans during the year.

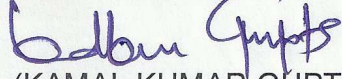


SALARPURIA & PARTNERS

CHARTERED ACCOUNTANTS

- xvii. According to the information and explanations given to us and on an overall examination of the financial statements of the company and after placing reliance on the reasonable assumptions made by the company for classification of long term and short term uses of funds, we are of the opinion, that prima facie funds raised on short term basis amounting to Rs 605.96 lacs have been utilised for long term purposes during the year.
- xviii. According to the information and explanations given to us, during the year under report, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- xix. In our opinion and according to the information and explanations given to us, the Company has not issued any secured debentures during the period covered by our report.
- xx. During the period under report, the Company has not raised any money by public issue.
- xxi. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For SALARPURIA & PARTNERS
CHARTERED ACCOUNTANTS
(Registration No. 302113E)


(KAMAL KUMAR GUPTA)
PARTNER
M.No.89190

Place: Camp Gurgaon
Date: 30th May 2011



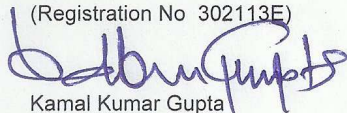


BALANCE SHEET AS AT 31ST MARCH, 2011

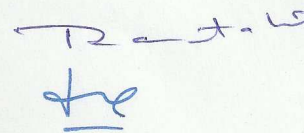
	SCHEDULE	As at 31st March, 2011 Rupees	As at 31st March, 2010 Rupees
SOURCES OF FUNDS			
SHARE HOLDERS' FUNDS			
Share Capital	1	151538500	151538500
Reserves and Surplus	2	153457309	164773151
LOAN FUNDS			
Unsecured Loans	3	68594342	49072802
TOTAL		373590151	365384453
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	4	36895232	36895232
Less : Depreciation		8597971	7836408
Net Block		28297261	29058824
INVESTMENTS			
	5	344349394	294307320
CURRENT ASSETS, LOANS AND ADVANCES			
Stocks	6	238518	236998
Sundry Debtors		3506000	3506000
Cash & Bank Balances		6482331	3947013
Loans and Advances		13625347	59895400
		23852196	67585411
LESS: CURRENT LIABILITIES AND PROVISIONS			
Current Liabilities	7	43373916	40681821
Provisions		907732	6234914
		44281648	46916735
NET CURRENT ASSETS		(20429452)	20668676
DEFERRED TAX ASSETS (NET) (Refer Note No.5 Schedule 12)		21372948	21349633
TOTAL		373590151	365384453
ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	12		

The Schedules referred to above form an integral part of the Balance Sheet.

As per our report of even date attached.
For SALARPURIA & PARTNERS
Chartered Accountants
(Registration No 302113E)


Kamal Kumar Gupta
Partner
Membership No.89190


Company Secretary


Directors

Place : Camp.Gurgaon
Dated : 30th May, 2011





PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

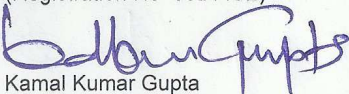
	SCHEDULE	For year ended 31st March, 2011 Rupees	For year ended 31st March, 2010 Rupees
INCOME			
Sales		777	7093565
Other Income	8	5795574	62015718
		<u>5796351</u>	<u>69109283</u>
EXPENDITURE			
Purchases for Sales		-	5119907
Decrease/(Increase) in Stocks	9	(1520)	2148095
Employees' Remuneration and Benefits	10	2586620	4088435
Other Expenses	11	2495413	8148471
Interest - Others		11279054	10952357
Depreciation		761563	753308
		<u>17121130</u>	<u>31210573</u>
PROFIT/(LOSS) BEFORE PROVISION FOR TAX AND NPA's		(11324779)	37898710
Add : Withdrawal for diminution in value of Investments		<u>3541</u>	<u>6374530</u>
PROFIT/(LOSS) BEFORE TAXATION		(11321238)	44273240
Less : Provision for Tax			
Current Tax		-	7635235
Deferred Tax		<u>(23315)</u>	<u>3084910</u>
PROFIT/(LOSS) AFTER TAXATION		(11297923)	33553095
Add : Balance brought forward from previous year		<u>21283089</u>	<u>(5559387)</u>
		<u>9985166</u>	<u>27993708</u>
Less: Income Tax in respect of earlier years		17919	-
Amount transferred to NBFC Reserve Fund		-	6710619
BALANCE CARRIED TO BALANCE SHEET		<u>9967247</u>	<u>21283089</u>
Basic and diluted earning per equity share of Rs.10 each (Refer Note No. 7 of Schedule 12)		(0.75)	2.21

ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

12

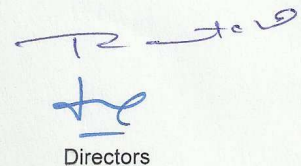
The Schedules referred to above form an integral part of the Profit and Loss Account.

As per our report of even date attached.
For SALARPURIA & PARTNERS
Chartered Accountants
(Registration No 302113E)


Kamal Kumar Gupta
Partner

Membership No.89190


Company Secretary


Directors

Place : Camp Gurgaon
Dated : 30th May, 2011





CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

	2010 - 2011		2009 - 2010	
	Rupees	Rupees	Rupees	Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before tax and extraordinary items		(11324779)		37898710
Adjustment for				
Depreciation	761563		753308	
Interest/Dividend on investments	(140)		(7093752)	
Loss on fixed assets sold/ discarded (Net)	-		287301	
Profit on sale of investment	-		(49283800)	
Interest	11279054		10952357	
Employee's Leave Encashment	(379864)	11660613	(440364)	(44824950)
Operating Profit before Working Capital Changes		335834		(6926240)
Adjustment for				
Trade & Other Receivables	46831592		(31160493)	
Inventories	(1520)		2148095	
Trade & Other Payables	2236010	49066082	(1491961)	(30504359)
Cash generated from Operations		49401916		(37430599)
Interest paid	(10083169)		(14078785)	
Taxes paid	(5526776)	(15609945)	(647204)	(14725989)
NET CASH FLOW FROM OPERATING ACTIVITIES		33791971		(52156588)
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of fixed assets	-		(360231)	
Sale of fixed assets	-		171780	
Dividend received on investments	140		7093752	
Purchase of investments	(50038533)		(1500)	
Sale of investments	-		82932000	
NET CASH FLOW FROM INVESTING ACTIVITIES		(50038393)		89835801
C. CASH FLOW FROM FINANCING ACTIVITIES				
Increase/(Decrease) in other borrowings	18781740		(41748631)	
NET CASH FLOW FROM FINANCING ACTIVITIES		18781740		(41748631)
D. NET DECREASE IN CASH AND CASH EQUIVALENTS		2535318		(4069418)
CASH AND CASH EQUIVALENT AS AT 31-03-2010		3947013		8016431
CASH AND CASH EQUIVALENT AS AT 31-03-2011		6482331		3947013

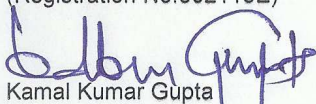
Note :- Figures in bracket represents outflow.

As per our report of even date attached.

For SALARPURIA & PARTNERS

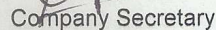
Chartered Accountants

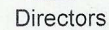
(Registration No.302113E)


Kamal Kumar Gupta

Partner

Membership No.89190


Company Secretary


Directors

Place : Camp Gurgaon

Dated : 30th May, 2011



ARAVALI SECURITIES & FINANCE LIMITED



SCHEDULE 1 : SHARE CAPITAL

	As at 31st March, 2011 Rupees	As at 31st March, 2010 Rupees
AUTHORISED		
20000000(20000000) Equity Shares of Rs. 10 each	<u>200000000</u>	<u>200000000</u>
ISSUED, SUBSCRIBED AND PAID UP		
15153850(15153850) Equity Shares of Rs.10 each fully paid up	<u>151538500</u>	<u>151538500</u>

Note : Of the above 1494500 Equity Shares were allotted as fully paid-up Bonus Shares by capitalisation of Reserves and Surplus in Profit and Loss Account in earlier years.

SCHEDULE 2 : RESERVES AND SURPLUS

	As at 31st March, 2010 Rupees	Addition during the Year Rupees	As at 31st March, 2011 Rupees
Share Premium	127062200	-	127062200
NBFC Reserve Fund	16427862		16427862
Profit and Loss Account	21283089	(11315842)	9967247
	<u>164773151</u>	<u>(11315842)</u>	<u>153457309</u>

SCHEDULE 3 : UNSECURED LOANS

	As at 31st March, 2011 Rupees	As at 31st March, 2010 Rupees
12.5% Fully Convertible Debentures 2272(2272) Debentures of Rs.125 each Less: Allotment money in arrears	<u>284000</u> <u>142000</u>	 142000
From Companies	65831740	47050000
Interest Accrued & Due	<u>2620602</u>	1880802
	<u>68594342</u>	<u>49072802</u>

Note: 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.



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SCHEDULE 4 : FIXED ASSETS

DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 31st March, 2010 Rupees	Additions during the year Rupees	Sold during the year Rupees	As at 31st March, 2011 Rupees	As at 31st March, 2010 Rupees	During the year Rupees	Adjustments on sales Rupees	Upto 31st March, 2011 Rupees	As at 31st March, 2011 Rupees	As at 31st March, 2010 Rupees
Land	3425098	-	-	3425098	-	-	-	-	3425098	3425098
Building	28865465	-	-	28865465	5374927	470506	-	5845433	23020032	23490538
Vehicles	966562	-	-	966562	353433	68767	-	422200	544362	613129
Furniture & Office Equipments	3000339	-	-	3000339	1832552	136100	-	1968652	1031687	1167787
Computers	637768	-	-	637768	275496	86190	-	361686	276082	362272
TOTAL	36895232	0	0	36895232	7836408	761563	0	8597971	28297261	29058824
	(38235320)	(360231)	(1700319)	(36895232)	(8324338)	(753308)	(1241238)	(7836408)	(29058824)	(29910982)



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SCHEDULE 5 : INVESTMENTS

	As at 31st March, 2011 Rupees	As at 31st March, 2010 Rupees
NON - TRADE (AT COST)		
LONG TERM INVESTMENTS		
Shares and Debentures :		
(I) (Unquoted)		
7200 (7200) Equity Shares of Rs.10 each fully paid of Carma Arts & Crafts Private Limited.	478800	478800
TOTAL (I)	478800	478800
(II) Quoted		
3750 (3750) Equity Shares of Rs.10 each fully paid of Hindustan Commercial Investment Trust Limited	25000	25000
140 (140) Equity Shares of Rs.10 each fully paid of Andhra Pradesh Paper Mills Limited	14671	14671
5607000 (4729131) Ordinary Shares of Rs.10 each fully paid of The Sirpur Paper Mills Limited	343817523	293778990
384 (384) 6.75% Tax Free US 64 Bonds of Rs.100 each fully paid of Unit Trust of India	38400	38400
TOTAL (II)	343895594	293857061
TOTAL A (I + II)	344374394	294335861
Less : Diminution in value of Investments	25000	28541
	344349394	294307320
NOTES		
1. Aggregate value of Quoted Investments	343895594	293857061
Aggregate value of Unquoted Investments	478800	478800
	344374394	294335861
Market value of Quoted Investments	319396859	235560254

2. Undertaking for non disposal of 4729131 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.

3. Purchase of investments during the year

Description	Purchases	
	No. of Shares/Units	Amount Rs.
The Sirpur Paper Mills Limited	877869	50038533



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SCHEDULE 6 : CURRENT ASSETS, LOANS AND ADVANCES

	As at 31st March, 2011 Rupees	As at 31st March, 2010 Rupees
A. CURRENT ASSETS		
Stocks (As per inventories taken, valued at cost or net realisable value, which ever is lower and certified by the management)		
* Shares & Securities	<u>238518</u>	<u>236998</u>
	<u>238518</u>	<u>236998</u>
Sundry Debtors (Unsecured, considered good)		
Debts outstanding for a period exceeding six months	<u>3506000</u>	<u>3506000</u>
	<u>3506000</u>	<u>3506000</u>
Cash and Bank Balances		
Cheques and Cash in hand (As per books & certified)	47222	2299427
Balances with Scheduled Banks:		
In Current Accounts	1753451	1647586
In Fixed Deposit Accounts	<u>4681658</u>	<u>-</u>
	<u>6482331</u>	<u>3947013</u>
TOTAL (A)	<u>10226849</u>	<u>7690011</u>
B. LOANS AND ADVANCES		
(Unsecured, considered good)		
Loans	8455904	57104573
Interest accrued on loans	1697296	2284847
Income accrued but not due	96831	-
Advances recoverable in cash or in kind or for value to be received	<u>2757989</u>	<u>419192</u>
Income tax payments and tax deducted at source (net of provisions)	561539	-
Security and Other Deposits	<u>55788</u>	<u>86788</u>
TOTAL (B)	<u>13625347</u>	<u>59895400</u>
TOTAL (A+B)	<u>23852196</u>	<u>67585411</u>



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ARAVALI SECURITIES & FINANCE LIMITED

SCHEDULE 6 : CONTINUED

* Details of Shares & Securities held :-

Name of the Company	Face	Paid up	As at 31st March, 2011		As at 31st March, 2010	
	Value	Value	No. of shares	Rupees	No. of shares	Rupees
	Rupees	Rupees				
QUOTED						
Equity Shares						
Atul Glass Products Ltd.	10	10	1600	72960	1600	72960
Divya Chemicals Ltd.	10	10	10000	22960	10000	22960
Haryana Suraj Malting Ltd.	10	10	300	449	300	449
Indian Petrochemicals Corporation Ltd.	10	10	5 @	651	5	651
Kings Inter.Aqua Marine Export Ltd	10	10	41300	20614	41300	20614
Mansarovar Paper & Industries Ltd.	10	10	8000	11979	8000	11979
Modern Insulators Ltd.	10	10	4400	10103	4400	10103
Norplex Oak India Ltd.	10	10	700	8358	700	8358
Orkay Industries Ltd.	10	10	350	646	350	646
OTIS Elevator Co.(India) Ltd.	10	10	56	13575	56	13575
Punjab Fibre Ltd.	10	10	7600	45522	7600	45522
Salem Textiles & Ind. Ltd.	10	10	2000	23959	2000	23959
Shri Chamundeshwari Sugar Ltd.	10	10	100	995	100	995
The Bank of Rajasthan Ltd.	10	10	-	-	13 +	706
UTI Master Plus	10	10	100 @	1561	100	1561
Vatsa Finance Corporation Ltd.	10	10	200 @	270	200	270
Volex Leasing & Electronics Ltd.	10	10	340	1690	340	1690
ICICI Bank			2 ++	2226	-	-
TOTAL			77053	238518	77064	236998
Market Value of quoted Shares			Rs.	238524	Rs.	237000
(Where market value is not available, carrying amount has been taken as market value)						

+ Includes 2 Shares received as Bonus Shares

++ Received during the year upon conversion of 13 shares in a scheme of amalgamation

@ Not registered in the name of the company.

NOTES : Advances recoverable includes Rs. Nil (Rs.51250) due from Secretary of the company. Maximum amount outstanding at any time during the year Rs.51250 (Rs.71250).





SCHEDULE 7 : CURRENT LIABILITIES AND PROVISIONS

	As at 31st March, 2011	As at 31st March, 2010
	Rupees	Rupees
A CURRENT LIABILITIES		
Sundry Creditors *	4629543	2172819
Deposits	35000000	35000000
Income for unexpired period	72581	447581
Interest accrued but not due	3101098	2645013
Tax deducted at source	570694	416408
TOTAL (A)	43373916	40681821
B PROVISIONS		
For Employees' Leave Encashment	907732	1287596
For Taxation (net of payments)	-	4947318
TOTAL (B)	907732	6234914
TOTAL (A+B)	44281648	46916735

Note : * None of the Creditors is a micro, small or medium enterprise.

SCHEDULE 8 : OTHER INCOME

	For year ended 31st March, 2011	For year ended 31st March, 2010
	Rupees	Rupees
Interest(Tax deducted at source Rs.188670 (Rs.327254))	2157365	3293529
Dividend	434 *	7097774
Rent(Tax deducted at source Rs362400 (Rs.319950))	3624000	2100000
Miscellaneous Income	13771	134102
Profit on Sale of Investments	-	49283800
Excess Provision for Earlier Years Written Back	-	106513
Sundry Balances Written Back	4	-
	5795574	62015718

* Includes Rs.140 (Rs.7093752) from long-term investments.



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SCHEDULE 9 : DECREASE/(INCREASE) IN STOCKS

	For year ended 31st March, 2011	For year ended 31st March, 2010
	Rupees	Rupees
Opening Stocks Shares & Securities	236998	2385093
	<u>236998</u>	<u>2385093</u>
Less: Closing Stocks Shares & Securities	238518	236998
	<u>238518</u>	<u>236998</u>
Decrease/(Increase) in Stocks	<u>(1520)</u>	<u>2148095</u>

SCHEDULE 10 : EMPLOYEES' REMUNERATION AND BENEFITS

	For year ended 31st March, 2011	For year ended 31st March, 2010
	Rupees	Rupees
Salary,Wages,Bonus & Allowances	2268668	3532296
Contribution to Provident & Allied Funds (including Administration Charges)	127535	197821
Contribution to Gratuity Fund	4156	50000
Welfare Expenses	186261	308318
	<u>2586620</u>	<u>4088435</u>



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SCHEDULE 11 : OTHER EXPENSES

	For year ended 31st March, 2011	For year ended 31st March, 2010
	Rupees	Rupees
Rent	459790	989616
Rates & Taxes	6173	50963
Insurance	16464	23039
Directors' Meeting Fee	22000	30000
Travelling & Conveyance	103458	157380
Vehicles' Expenses	250995	221521
Printing & Stationery	210481	209583
Postage & Telephone Expenses	284794	270369
Electricity & Water Expenses		48757
Legal & Professional Charges	612365	506564
Advertisement Expenses	48805	47605
Miscellaneous Expenses	429925	626789
Auditors' Remuneration :		
As Audit Fee	27575	27575
For Tax Audit	5515	5515
For Certification	7723	7723
	<u>40813</u>	
Repairs and Maintenance :		
On Others	9350	40522
Loss on Sale of Fixed Assets	-	287301
Bad Debts Written Off	-	4597649
	<u>2495413</u>	<u>8148471</u>

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SCHEDULE 12 : ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

1. ACCOUNTING POLICIES

i) Accounting Concepts

The financial statements are prepared under the historical cost convention in accordance with the generally accepted accounting principles in India and in accordance with Accounting Standards as notified by (Accounting Standards) Rules, 2006.

ii) Uses of Estimates

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known/materialised.

iii) Revenue Recognition

- a) All income is accounted on accrual basis.
- b) Dividend declared within close of the accounting year are accounted for in respect of shares & securities held by the company.

iv) Expenses

All expenses are accounted on accrual basis.

- v) In accordance with guidelines for Prudential Norms issued by the Reserve Bank of India to Non-Banking (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007, provision is made for non - performing assets in respect of income and debts/assets.

vi) Depreciation

Depreciation is provided :

- a) On assets acquired upto 30th June, 1987 on straight line method at the rates corresponding to the rates applicable under the Income Tax Rules, 1962 in force at the time of acquisition/purchase of respective assets.
- b) On assets acquired on and from 1st July, 1987 on Straight Line Method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956 applicable at the time of acquisition/purchase of respective assets.

vii) Fixed Assets

Fixed assets are stated at cost less depreciation.

viii) Investments

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

ix) Inventories

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

x) Deferred Tax

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

xi) Employee Benefits

Liability for employee benefits, both short term and long term, for present and past services which are due as per the terms of employment are recorded in accordance with Accounting Standard (AS) - 15 "Employees Benefits" as notified by Companies (Accounting Standards) Rules, 2006.



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SCHEDULE 12 : CONTINUED

- a. Gratuity
The company makes annual contribution to an approved gratuity fund covered by a policy with Life Insurance Corporation of India. The plan assets are sufficient to cover liability for gratuity fully.
- b. Contribution to Provident & Other Funds
Contribution to Provident Fund and Employees State Insurance are recognised and expensed on accrual basis.
- c. Compensated Absences
Liability for leave is treated as a short term liability and is accounted for on accrual basis

xii) Contingent Liabilities

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

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.

3. Accounts relating to allotment money in arrears of Fully Convertible Debentures are not reconciled.

4. Disclosures as required under Accounting Standard (AS) 15 (REVISED)

I. Net Asset/(Liability) recognised in the Balance Sheet

	<u>Gratuity</u>	
	<u>For year ended 31st March, 2011</u>	<u>For year ended 31st March, 2010</u>
As at end of the year		
Present Value of Defined Benefit Obligations (DBO)	600983	952902
Fair Value of Plan Assets	1253976	1597301
Funded Status - Surplus	652993	644399
Net Asset/(Liability) recognised in the Balance Sheet	Nil	Nil
II. Changes in DBO during the year		
Present Value at beginning of the year	952902	968041
Current Service Cost	44562	61407
Interest Cost	76232	77443
Actuarial Losses / (Gains)	(4453)	42923
Benefits Paid	468260	186912
Present Value at the end of the year	600983	952902
III. Changes in Fair Value of Plan Assets during the year		
Plan Assets at beginning of the year	1597301	1597472
Actual return on Plan Assets	124935	141711
Actual Company's Contribution	0	45030
Benefits Paid	468260	186912
Plan Assets at the end of the year	1253976	1597301
IV. Components of Employers' expenses		
Current Service Cost	44562	51407
Interest Cost	76232	77443
Expected return on Plan Assets	(124935)	(141711)
Gain/(Actuarial Losses)	4453	42923
Expenses / Income recognised in the Profit & Loss Account	Nil	30062



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SCHEDULE 12 : CONTINUED

V. Actual Contribution and Benefits Payment for the year

Actual Benefits Payments	468260	186912
Actual Contributions	0	45030
Discount Rate	8%	8%
Expected return on Plan Assets	9%	9%
Salary Escalation	6%	6%

5. The company has recognised a deferred tax asset of Rs. 23315 (liability of Rs.3084910) for the year ended 31st March, 2011 as a charge/(credit) to the Profit & Loss Account. The major components of the net deferred tax asset are as under:-

Deferred Tax Assets (Net):

	As at 31st March, 2010 <u>Rupees</u>	Current year Charge/(Credit) <u>Rupees</u>	As at 31st March, 2011 <u>Rupees</u>
Deferred Tax Liability :			
Depreciation	(A) 375131	(34394)	340737
 <u>Deferred Tax Assets</u>			
Losses under Income Tax Act	21326897	(106298)	21433195
Others	397867	117377	280490
	(B) 21724764	11079	21713685
Deferred Tax Assets (Net)	(B-A) 21349633	(23315)	21372948

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SCHEDULE 12 : CONTINUED

6. 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. Boutique Hotels India Private Limited Carma Arts & Crafts Private Limited Devi Developers Private Limited Devi Overseas Private Limited	Associate Associate Associate Associate
III. Key Management Personnel Sh. Jiten Oberoi	Chief Financial Officer

(B) Related Party Transactions

Transactions	Associates	Promotee Company	Key Management Personnel
	Rupees	Rupees	Rupees
Lease/Rent	- (-)	1800000 (1800000)	
Interest Income	533640 (841597)	698320 (245480)	
Dividend Income	- (-)	- (7093696)	
Interest Expenditure	105822 (-)	3500000 (3500000)	
Rent Office Maintenance, Fooding and Telephone Expenses	- (-)	694470 (640795)	
Remuneration paid			707026 (635392)
Finance provided Loans given	800000 (1750000)	- (50000000)	
Loans received back	- (3000000)	50000000 (-)	
Finance received Loans taken	2500000 (-)	- (-)	
Balances outstanding as on 31.3.2011			
Outstanding/receivables (debit)	4815505 (4403379)	- (50234127)	
Outstanding/payable (credit)	2595240 (-)	36789205 (36881260)	



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SCHEDULE 12 : CONTINUED

7. Basic and diluted earning per equity share

For the purpose of calculation of basic and diluted earning per share, the following amounts are considered:-

	For year ended 31st March, 2011	For year ended 31st March, 2010
(i) Amount used as the numerators net profit / (net loss) after tax	(11297923)	Rs.33553095
(ii) Weighted average number of equity shares	15153850	15153850
(iii) Basic and diluted earning per equity share	Rs. (0.75)	Rs. 2.21

8. Segment Reporting

	For year ended 31st March, 2011	For year ended 31st March, 2010
I. Segment Revenues :		
a) Shares & Securities	4291	63478082
b) Financing	1711004	3149718
Total	<u>1715295</u>	<u>66627800</u>
II. Segment Results before Tax, Interest &		
Other unallocable Items :		
a) Shares & Securities	(13623)	62220844
b) Financing	1711004	3149718
Total	<u>1697381</u>	<u>65370562</u>
Less : Interest	<u>11279054</u>	<u>10952357</u>
	(9581673)	54418205
Unallocable items :		
Other unallocable expenditure	(5820621)	(12626448)
Other unallocable income	4081056	2481483
Profit before tax (after NPA provisions)	<u>(11321238)</u>	<u>44273240</u>
Less : Taxes	(23315)	10720145
Profit after tax	<u>(11297923)</u>	<u>33553095</u>
III. Segment Assets :		
a) Shares & Securities	348093912	298050318
b) Financing	10153200	59389420
c) Unallocable assets	59624687	54861450
Total	<u>417871799</u>	<u>412301188</u>
IV. Segment Liabilities :		
a) Financing	-	-
b) Unallocable liabilities	40012314	43103486
c) Unallocated Unsecured Loans	72863676	52886051
Total	<u>112875990</u>	<u>95989537</u>

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.



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SCHEDULE 12 : CONTINUED

9. Disclosure of details as required by Para 9BB of Non Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998

(Amount in Rupees)

Particulars	Amount Outstanding	Amount Overdue
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	72721676	3788838
* 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	10153200	-
3 Break up of Investments (Net of diminution in value of investments)		
a) Current Investments		
1) Quoted		
- Equity Shares	238518	
- Units of Mutual Funds	-	
b) Long Term Investments		
1) Quoted		
- Equity Shares	343832194	
- UTI Bonds	38400	
2) Unquoted		
- Equity Shares	478800	
- Preference Shares	-	
4 Borrower group-wise classification of all assets financed as in (2) and (3) above	Amount Net of Provisions	
	Secured	Unsecured
		Total
a) Related Parties		
1) Subsidiaries	-	-
2) Companies in the same group	-	-
3) Other related parties	-	4815505
b) Other than related parties	-	5337695
Total	-	10153200
5 Investor group-wise classification of all investments (current and long term)	Market Value Break up Value or fair Value or NAV	Book Value (net of provisions)
a) Related Parties		
1) Subsidiaries	-	-
2) Companies in the same group	-	-
3) Other related parties	321112458	344296323
b) Other than related parties	316733	291589
Total	321429191	344587912
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		-



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SCHEDULE 12 : CONTINUED

10. Contingent Liabilities

Sales tax liabilities pending company's appeals/rectifications

Rs. 337538 (Rs. 337538)

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.		77064 (130739)	236998 (2385093)	(20002)** (20002)**	(5119907) (5119907)	11 * (73677)	(7093565) (7093565)	77053 (77064)	238518 (236998)

* 13 Shares converted into 2 shares in a scheme of amalgamation during the year.

** Includes Nil (2) shares received as bonus shares

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

i. Registration Details

Registration No. : **55-10526** State Code : **55**
 Balance Sheet Date : **31 03 2011**
 Date Month Year

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

Public Issue	NIL	Right Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

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

Total Liabilities	373590	Total Assets	373590
Sources of Funds			
Paid-up Capital	151539	Reserves and Surplus	153457
Secured Loans	Nil	Unsecured Loans	68594
Application of Funds			
Net Fixed Assets	28297	Investments	344349
Net Current Assets	(20429)	Miscellaneous Expenditure	Nil
Deferred Tax Asset	21373	Accumulated Losses	Nil



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SCHEDULE 12 : CONTINUED

iv. Performance of the Company		(Amount in Rs. Thousands)	
Turnover	5796	Total Expenditure	17117
Profit before Tax	(11321)	Profit after Tax	(11298)
Earning per Share in Rs.	(0.75)	Dividend Rate	Nil

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


PRODUCT DESCRIPTION	ITEM CODE NO.
---------------------	---------------

- | | |
|--------------------------------------|----------------|
| a). Finance | Not Applicable |
| b). Investment/Trading in securities | Not Applicable |


13. Comparative figures for the previous year have been regrouped, recast and rearranged wherever necessary and figures in brackets represent previous year figures.

Signatures to Schedules 1 to 12

As per our report of even date attached
For SALARPURIA & PARTNERS
Chartered Accountants
(Registration No.302113E)


KAMAL KUMAR GUPTA
Partner
Membership No.89190


Company Secretary


Directors

Place : Camp Gurgaon

Dated : 30th May, 2011

