

CORPORATE GOVERNANCE

THE COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Good Corporate Governance practices are fundamental to the success of any organization and for enhancement of value of all stakeholders. With this view Company has decided to adopt clause 49 of listing Agreement from 14th June 2013, as prescribed by the Securities and Exchange Board of India and incorporated in the Listing Agreement, though it is not mandatory for your Company to comply with the clause 49 of Listing Agreement. To strengthen this belief, the Company has further adopted a code of Conduct, which inter alia forms guidelines for "Leadership with Trust". The Company will focus its energies and resources in creating and safeguarding of shareholders' wealth and, at the same time, protect the interests of all its stakeholders.

BOARD OF DIRECTORS

The Board of Directors is an optimum combination of professionalism experiencing, executive, non executive, and Independent Director, provides and evaluates the strategic directions of the Company; formulates and reviews management policies, serves and protects the overall interests of shareholders to ensure long-term value creation for stakeholders.

Composition:

The Board of Directors is comprised of 4 Directors on 31st March 2013.

At present the composition of the Board of Directors:

Name	Category
Mr. Rajesh Agrawal	Managing Director
Mr. Shyam Kamati	Director
Mr. Devendra Kumar Parida	Director
Mr. Arvind Agrawal	Independent Director
Mr. Kuldip Singh*	Independent Director

Note:

- * Mr. Kuldip Singh is appointed on 14th June 2013.
- * None of the Directors of your Company is a member of more than 10 Committees or is the Chairman of more than five Committees across all the Public Companies in which they are Directors.

BOARD MEETING

During the financial year ended March 31, 2013, 8 meetings of the Board of Directors were held as against the minimum requirement of 4 times. None of the two Board Meetings have a gap of more than 120 days between them. The dates of meetings and the number of directors present therein are mentioned below:

Sr. No.	Date	Sr. No.	Date
1.	15 th May 2012	5.	07 th November 2012
2.	09 th June 2012	6.	09 th February 2013
3.	07 th August 2012	7.	01 st March 2013
4.	06 th October 2012	8.	25 th March 2013

Sr. No.	Name of Director	No. of Meeting attending during 2012-13			No. of Directorship in other Public Companies		No. of Committee positions held in other public companies	
		Board		Last AGM	Listed	Others	Chairman	Member
		Held*	Attended					
1.	Mr. Shyam Kamati	8	8	Yes	0	1	0	0
2.	Mr. Devendra Kr. Parida	8	8	Yes	0	0	0	0
3.	Mr. R.S. Arora	8	8	Yes	1	0	0	0
4.	Mr. Rajesh Agrawal	1	1	No	1	0	0	1
5.	Mr. Arvind Agrawal	1	1	No	1	0	2	2

* Denotes number of meetings held during the tenure of directorship of each director.

Note:

- None of the Directors of your Company is a member of more than 10 Committees or is the Chairman of more than five Committees across all the Public Companies in which they are Directors.
- The directorship/ committee membership is based on the disclosures received from the directors.

RESUME OF DIRECTOR PROPOSED TO BE APPOINTED

The brief resume of Director seeking appointment is appended with the notice for calling Annual General Meeting.

COMMITTEES OF THE BOARD

The Board has constituted first time the following standing Committees:

1. Audit Committee
2. Shareholders'/Investors' Grievance Committee

AUDIT COMMITTEE

The purpose of the audit committee is to ensure the objectivity, credibility and correctness of the Company's financial reporting and disclosure processes, internal controls, risk management policies and processes, tax policies, compliance and legal requirements and associated matters.

i) Terms of reference

1. Oversight of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
2. Recommending the appointment and removal of statutory and internal Auditors (whenever required), fixation of audit fee and also approval for payment for any other services.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing with Management the quarterly / half yearly and the annual financial statements before submission to the Board, focusing primarily on:
 - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
 - Any Change in accounting policies and practices.
 - Major accounting entries based on exercise of judgement by management.
 - The going concern assumption.
 - Compliance with accounting standards.
 - Compliance of legal requirement concerning financial statements.
 - Any related party transactions.
5. Reviewing with the management, statutory and internal Auditors, the adequacy and compliance of internal control system.
6. Reviewing with the management, the quarterly financial statements before submission to the board for approval
7. Reviewing the adequacy of internal audit function, reporting structure coverage and frequency of internal audit.
8. Discussion on internal Auditors significant findings and follow up there on.
9. 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.
10. Discussion with Statutory Auditors about the scope of audit as well as have post audit discussion to ascertain any area of concern.
11. Reviewing the Company's financial and risk management policies.
12. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.

Further the Audit Committee shall mandatorily review the following information:

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the audit committee), submitted by management;
3. Management letters / letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control weaknesses; and
5. The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.

ii) Composition:

The Audit Committee shall comprise of three members, including Mr. Rajesh Agrawal, the Managing Director, Mr. Arvind Agrawal and Mr. Kuldip Singh, the Non Executive Independent director. Mr. Kuldip Singh is heading the Committee.

Audit Committee has been constituted by the Board of Directors in its Board meeting held on 14th June 2013, to inter alia look in to the matters related to the Financial Reporting and Compliance of the Company with regulatory & legal requirements.

Meeting and attendance:

As the Audit Committee has been constituted in the current financial year therefore the attendance record for the last year is not given in this Report.

INVESTORS GRIEVANCE COMMITTEE

The purpose of constituting investor grievance committee is to expedite the process of redressal of investors' grievances and it is responsible for specifically look in to the matters related to the shareholders grievances and their complaints related to non receipt of share certificates, letter of allotment, nonpayment of dividend etc.

i) Terms of reference

1. To consider and review the queries/complaints received from Share/ Debenture Holders.
2. To take steps to redress queries/ complaints and ensure speedy satisfaction to shareholders/ investors.
3. To work under the control & supervision of the Board of Directors

ii) Composition:

The Shareholders'/Investors' Grievance Committee comprises of three members, including Mr. Rajesh Agrawal, the Managing Director of the Company, Mr. Arvind Agrawal, the Independent director and Mr. Shyam Kamti, the executive director. Mr. Arvind Agrawal is heading the Committee.

Meeting and attendance:

As the Audit Committee has been constituted in this Financial Year, therefore, the attendance record for the last year is not given in this Report.

Role and Powers of Shareholders'/Investors' Grievance Committee:

The Investors' Grievance Committee shall have the following role, functions and responsibilities:

- (i) To look into and supervise the redressal of shareholders'/Investors' Complaints.
- (ii) To oversee the performance of the Registrars and Share Transfer Agents and recommend measures for overall improvement of the quality of investor services.
- (iii) To consider and approve the transfer of shares, transmission of shares, dematerialization of shares, transposition of shares, issuance of duplicate share, deletion of names, splitting and consolidation of shares, etc.

GENERAL BODY MEETINGS

Date and venue of last three Annual General Meeting

Nature of Meeting	Date	Venue	Special Resolution passed
Annual General Meeting	29 th September 2012	B-9, Lajpat Nagar-I, New Delhi 110024	None
Annual General Meeting	30 th September 2011	B-9, Lajpat Nagar-I, New Delhi 110024	None
Annual General Meeting	23 rd August 2010	B-9, Lajpat Nagar-I, New Delhi 110024	None

POSTAL BALLOT

No Ordinary or Special resolution was passed through Postal Ballot during the year under review. Similarly, no ordinary or special resolution requiring a postal ballot is being proposed at the ensuing Annual General Meeting.

DISCLOSURES

- (i) There are no materially significant transactions with the related parties' viz. Promoters, Directors or the Management, their subsidiaries or relatives conflicting with Company's interest. Suitable disclosures as required by the Accounting Standards (AS18) have been made in the Annual Report.
- (ii) In the preparation of the financial statements, the Company has followed the accounting standards issued by the Institute of Chartered Accountants of India to the extent applicable.
- (iii) There were no penalties, strictures imposed on the company by Stock Exchange or SEBI or any statutory authority on any matter related to capital markets, during the last three years.

MEANS OF COMMUNICATION

- The Company communicates with the shareholders through its Annual report and publication of financial results.
- The Board of Directors of the Company approves and takes on record the Un-audited financial results within 45 days of the close of the quarter and the results are announced to the Delhi Stock Exchange Limited. Further the highlights of the quarterly results published in the newspapers.

GENERAL SHAREHOLDER INFORMATION**a) Annual General Meeting**

- **Date and Time:** : 12th August, 2013 at 11.00 A.M.
- **Venue** : 304, EMCA House, 23/23B, Ansari Road, Darya Ganj, Delhi-110002.

b) Financial Year of the Company

The financial Year of the Company from April 1st to March 31st

Tentative Schedule for financial Year 2013-14

- 1st Quarter ending June 30, 2013 : Mid of August 2013
- 2nd Quarter ending September 30, 2013 : Mid of November 2013
- 3rd Quarter ending December 31, 2013 : Mid of February 2014
- Annual Result for the year ended March 31, 2014 : End of May 2014
- c) Date of Book Closure/Record Date** : 08th August, 2013 to 12th August, 2013 (Both Days inclusive) for the payment of Dividend.
- d) Registered Office** : 304, EMCA House, 23/23B, Ansari Road, Darya Ganj, Delhi-110002.
- e) Dividend Payment Date** : On or before 10th September 2013
- f) Listing of Equity Shares on Stock Exchanges** : Delhi Stock Exchange Limited
- g) Stock Code**
Delhi Stock Exchange : 4815
- h) Registrar & Share Transfer Agents** : Skyline Financial Services Private Limited
1st Floor, D-153A, Okhla Industrial Area, Phase I,
New Delhi 110020
Email id: admin@skylinerta.com

i) Market Price Data

As your Company is listed only on Delhi stock Exchange Limited, therefore, market price of the share is not available.

j) Liquidity

Equity Shares of your Company are listed on the Delhi Stock Exchange Limited. The trading platform is not available at Delhi Stock Exchange Limited, hence, there is no liquidity in the scrips of the Company.

k) Dematerialization of Shares

The Shares of your Company are in physical mode and Company is taking effective steps to join with Depositories.

l) Outstanding GDRs/ADRs/Warrants or any other convertible instruments

Your Company does not have any GDRs/ADRs/Warrants or any other Convertible Instruments.

m) Address for Correspondence

The Correspondence may be addressed to Mr. Rajesh Agrawal, the Managing Director of the Company, at the Registered Office of the Company at 304, EMCA House, 23/23B, Ansari Road, Darya Ganj, Delhi 110002 or Skyline Financial Services Pvt. Ltd., at 1st Floor, D-153A, Okhla Industrial Area, Phase I, New Delhi 110020, , Tel. No. +91-11-2681 2682, 2681 2683, Email id admin@skylinerta.com

n) Investor Correspondence

(i) For transfer of shares, payment of dividend on shares and any other queries relating to the shares is handled by the Company's Registrar & Share Transfer Agent at the following address:

M/s Skyline Financial Services Private Limited
1st Floor, D-153A,
Okhla Industrial Area, Phase I,
New Delhi 110020
Email- id admin@skylinerta.com

ii) Mr. Rajesh Agrawal has been designated as the Compliance Officer of the Company as required under the Listing Agreement with Stock Exchange.

o) Shareholding Pattern

The shareholding pattern as on 31st March 2013:

Category	No. of shares held	Percentage of Shareholding
A. Shareholding of Promoter and Promoter Group		
(1) Indian	12,100	4.89
(2) Foreign	0	0.00
Total	12,100	4.89
B. Public Shareholding		
(1) Institutions		
(a) Mutual Funds/UTI	0	0.00
(b) Financial Institutions/Banks	0	0.00
(c) Foreign Institutional Investors	0	0.00
(d) Any Other	0	0.00
Sub Total	0	0.00
(2) Non Institutions		
(a) Bodies Corporate	0	0.00
(b) Individuals	197,300	79.72
(c) Any Other (HUF)	38,100	15.39
Total	235,400	95.11
Total (A+B)	247,500	100.00

p) Distribution of Shareholding as on 31.03.2013

Category (Amount)	No. of Shareholders	% of Shareholders	Total Number of Shares	% of Total Number of Shares
1 - 5000	84	71.79	13400	5.41
5001 - 10000	1	0.85	1000	0.40
10001 - 20000	2	1.71	3500	1.41
20001-30000	0	0.00	0	0.00
30001-40000	12	10.26	48000	19.39
40001 - 50000	0	0.00	0	0.00
50001 - 100000	13	11.11	125900	50.87
100001 & Above	5	4.27	55700	22.51
TOTAL	117	100.00	247,500	100.00

By Order of Board of Director
Avishkar Finance Company Limited

Sd/-
Rajesh Agrawal
Managing Director

Date: 12.07.2013
Place: Delhi

**Certificate by CEO/CFO on compliance with the conditions of
Corporate Governance under Clause 49 of the Listing Agreement(s)**

The Board of Directors
Avishkar Finance Company Limited

I, Rajesh Agrawal, the Managing Director is responsible for the finance and overall functions of the company hereby certify that for the Financial Year 2012-13 that:

- (a) I have reviewed financial statements and the cash flow statement for the year and that to the best of their 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 existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of their knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- (c) I accept responsibility for establishing and maintaining internal controls for financial reporting and that I have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and I have disclosed to the auditors, deficiencies in the design or operation of such internal controls, if any, of which I am aware and the steps I have taken or propose to take to rectify these deficiencies.
- (d) I have indicated to the auditors and the Board Members
 - (i) significant changes in internal control over financial reporting during the year;
 - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (iii) instances of significant fraud of which I have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Sd/-
Rajesh Agrawal
Managing Director

Date: 08.07.2013

Place: Delhi

Certificate of the Code of Conduct

The Company has adopted Corporate Governance on 14th June, 2013. Hence, the certificate for code of conduct is not required.