

CORPORATE GOVERNANCE REPORT**(2012-2013)**

The Company is committed to doing business in an efficient, responsible, honest and ethical manner. Good Corporate Governance goes beyond compliance and involves a Companywide commitment. This commitment starts with the Board of Directors, which executes its corporate governance responsibilities by focusing on the Company's strategic and operational excellence and in the best interests of all the stakeholders, in particular shareholders, employees and customers in a balanced fashion with long term benefits to all.

1. Board of Directors:

a) Composition and category of Directors:

The Board of Directors of the Company consists of Four Directors. The composition and the category of Directors are as under:

Names of the Directors	Category
Shri Phulchand Agarwal	Chairman and Managing Director
Shri S. Srinivasan	Non-Executive / Independent
Shri M.S. Bhardwaj	Non-Executive / Independent
Shri Sundeep Agarwal	Director

No. of Board Meetings:

Five Meetings of the Board of Directors, were held during the year 2012-2013 on the following dates:

29.5.2012, 13.08.2012, 08.11.2012, 10.01.2013 and 14.02.2013.

b) Attendance of Directors at Board Meetings and the last Annual General Meeting.

Name of the Directors	Category	Dates of Board Meetings and attendance	Dates of General Meeting and attendance
Shri S. Shrinivasan	Non-Executive / Independent	13.08.2012 and 08.11.2012	28.09.2012 Attended
Shri M.S. Bhardwaj	Non-Executive / Independent	29.05.2012 and 13.08.2012	28.09.2012 Attended
Shri Phulchand Agarwal	Chairman and Managing Director	29.05.2012, 13.08.2012, 08.11.2012, 10.01.2013 and 14.02.2013	28.09.2012 Attended
Shri S.D. Vyas	Non-Executive / Independent	29.5.2012 and 10.01.2013	Ceased to be a Director
Shri Sundeep Agarwal	Director	14.02.2013 and 10.01.2013	Joined as Director from January-2013.

Category	Name of the Directors	Name of Other Directorships	No. of Memberships of other Board Committees	No. of other Board / Committees of which the Director is a Chairperson
Chairman and Managing Director	Shri Phulchand Agarwal	1	1 (Audit)	-
Non-Executive Director / Independent	Shri S. Shrinivasan	3	2 (Audit)	1
Non-Executive Director / Independent	Shri M.S. Bhardwaj	1	1 (Audit)	-
Director	Shri Sundeep Agarwal	3	-	-

The Audit Committee was constituted during the year 2004-2005 in view of the requirements of SEBI Regulations comprising two independent Directors and the Managing Director.

The terms of reference of the Audit Committee are:

- a) To review financial statements and pre-publication announcements before submission to the Board;
- b) To ensure compliance of internal control systems and action taken on internal audit reports;
- c) To apprise the Board on the impact of accounting policies, accounting standards and legislation;
- d) To hold periodical discussion with statutory auditors on the scope and content of the audit.
- e) To review the Company's financial and risk management policies.

2. Meetings of Management Audit Committee:

During the year, four meetings of Management Audit Committee were conducted on 29.5.2012, 13.08.2012, 08.11.2012 and 14.02.2013 as per Clause 49 of the Listing Agreement.

Names of the Directors	Category	Dates of Committee Meetings and attendance
Shri S. Shrinivasan	Chairman, Non-Executive / Independent	13.08.2012 and 08.11.2012
Shri M.S. Bhardwaj	Non-Executive	29.05.2012 and 13.08.2012
Shri Phulchand Agarwal	Chairman and Managing Director	29.05.2012, 13.08.2012, 08.11.2012, 10.01.2013, 14.02.2013
Shri Sundeep Agarwa;	Director	14.02.2013 and 10.01.2013

3. Shareholders' Grievance Committee:

Names of the Directors	Category	Dates of Committee Meetings and attendance
Shri S. Srinivasan	Chairman, Non-Executive / Independent	13.08.2012 and 08.11.2012
Shri M.S. Bhardwaj	Non-Executive / Independent	29.05.2012 and 13.08.2012

The Shareholders' Grievance Committee was constituted during the year 2004-2005 in view of the requirements of SEBI Regulations comprising two Directors of the Company.

A meeting of the shareholders' grievance committee was held on 29.5.2012, 13.08.2012, 08.11.2012 and 14.02.2013 where members of the committee were present. It was reported in the meeting that no complaint was received.

To expedite the process of Share Transfers, the board has delegated powers of Share Transfers to Share Transfer Agents and they are attending to the share transfer formalities at least once in a fortnight.

4. Details of Remuneration paid to Directors:

Sr. No.	Name of the Directors	Relationship with other Directors	Sitting Fee for Board & Committee Meetings	Salary / Perquisites & Commission
1.	Shri S. Srinivasan	NIL	Rs. 12,000/-	NIL
2.	Shri M.S. Bhardwaj	NIL	Rs. 6,000/-	NIL

5. General Body Meetings:

Year	AGM	Location	Date	Time
2009-10	21 st	Registered Office	31.07.2010	11.00 a.m.
2010-11	22 nd	Registered Office	22.09.2011	11.00 a.m.
2011-12	23 rd	Registered Office	28.09.2012	11.00 a.m.

6. Disclosures:

- (a) Disclosures on materially significant related party transactions that may have potential conflict with the interests of the Company at large:

In terms of Section 299 (3) of the Companies Act, 1956, the General Notices of disclosure of interest are obtained from the Directors and accordingly, the Register of Contracts under Section 301 of the Companies Act, 1956 is tabled and signed.

- (b) Details of non-compliance by the Company, penalties and strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

The Equity Shares are listed for trading on the floor of Bombay Stock Exchange.

No strictures and penalties have ever been imposed on the Company by the Stock Exchanges or SEBI or any statutory authorities, on matters related to capital markets. The scrip is in-active. LTP is Rs. 44.70.

The company was required to achieve minimum public shareholding (MPS) of 25% till 03.06.2013. For the said compliance, the promoters had attempted Offer for sale (OFS) method to comply with the provision but due to insufficient response of the public, the company could not achieve the MPS.

In the meantime, the Company was issued Mails, Reminders and Warnings, Show Cause Notice from SEBI / BSE with regard to maintaining Minimum Public Shareholding of 25 %, The Promoters made 2nd attempt by way of Offer For Sale (OFS) and have now reduced their shareholding to 75 %.

7. Means of Communication:

Quarterly/Half Yearly Financial Results of the Company are forwarded to the Ahmedabad and Mumbai Stock Exchanges as and when taken on record by the Board and Audit Committee. The Company has its website www.advance.net.in and all the relevant financial information has been displayed on the same.

8. Management Discussion and Analysis Report:

Overall Review, Industry Structure and Developments

(In spite of high expectations, the year under review faced problems of high inflation, slower industrial growth in all sectors resulting into lower demand and high costs. The management therefore adopted a conservative approach and did not venture any new projects during the year under review. However, the management will grab opportunities, in other Sectors.)

Opportunities and Threats

Gujarat offers tremendous business opportunities in real estate and infrastructure sector mainly on account of proactive and business friendly government policies, enterprising public and excellent infrastructure. Real Estate business is highly susceptible to changes in external environment viz. interest rates, government policies, economic scenario etc.

Segment wise Performance

During the year under review, the Company was engaged in trading in clothes and continued its activities in real estate development already taken up.

Outlook

The company is looking forward for new opportunities in textile sector. With the new entrant of Multi nationals in and around Ahmedabad, overall business environment should become favourable.

Internal Control System

We have availed the services of Chartered Accountant for carrying out internal audit and internal control of systems followed by the Company.

Human Relations

As the business activities will increase in the coming years, the company will employ more people. The Company was a Sick Unit and was discharged from BIFR in June 2006.

Caution

From the prevailing business environment, it is felt to keep the external debts low since servicing of principals by payment of interest will not be prudent. Financial resources would be utilised conservatively and would be used only in projects with higher and faster returns.

DEVELOPMENT AFTER THE CLOSE OF THE FINANCIAL YEAR:

As per SEBI directives and amended provisions of Listing Agreement, there should be a minimum of 25% public shareholding in every listed Company. To comply with the said directions and provisions, after the close of the Financial Year, the Promoters made two attempts to reduce their own shareholding through Offer for Sale through Stock Exchange and now the Public Shareholding has reached to 25%.

9. General Shareholder Information:

1.	Registered Office	F.F.21-22, Advance Plaza, Shahibaug Road, Outside Delhi Gate, Ahmedabad-380004
2.	Date, Time and Venue of the 24 th Annual General Meeting (AGM)	23 rd July, 2013 at 11.00 a.m. at Ground Floor, Advance Business Park, Opp. Swaminarayan Temple, Shahibaug Road, Ahmedabad-380004.
3.	Dividend for F.Y. 2012-2013	NIL
4.	Book Closure Date	16.07.2013 to 22.07.2013 (Both days inclusive)
5.	Financial Calendar Financial Reporting for Quarter ending June 30, 2013 Quarter ending Sept. 30, 2013 Quarter ending Dec. 31, 2013 Year ending March, 31, 2014	First week of August, 2013 First week of November, 2013 First week of February, 2014 Last week of May, 2014
6.	The equity shares of Rs. 10/- each are listed at	Ahmedabad Stock Exchange Kamdhenu, Panjara Pole, Ahmedabad-380015 Bombay Stock Exchange Floor 25, Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai-400001
7.	Listing Fees	Listing Fees have been paid for both the Stock Exchanges for 2012-2013
8.	Stock Market data	BSE-Listed w.e.f. 1 st October, 2012 ASE-No trade has taken place
9.	Stock Exchange Security Code and other related information	
	Bombay Stock Exchange Limited	521048
	Ahmedabad Stock Exchange Limited	02000
10.	Corporate Identification Number (CIN)	L17110GJ1988PLC011139

Distribution of Shareholding as on 31st March, 2013:

No. of Equity Shares Held	31 March, 2013			31 March, 2012		
	No. of Shares	No. of Share-holders	% of Share-holders	No. of Shares	No. of Share-holders	% of Share-holders
1 – 500	407833	6612	13.11	406557	6602	13.06
501 – 1000	86794	123	2.79	86917	123	2.79
1001 – 2000	37653	27	1.21	36153	26	1.16
2001 – 3000	23216	10	0.75	25616	11	0.83
3001 – 4000	7800	2	0.25	7800	2	0.25
4001 – 5000	32460	7	1.04	32460	7	1.04
5001 – 10000	19032	2	0.61	19032	2	0.61
10001 & above	2498087	6	80.25	2498340	6	80.25
Total	3112875	6789	100.00	3112875	6779	100.00

10. Dematerialization of Shares:

The Shares of the Company are already approved by the National Securities Depository Limited (NSDL), Mumbai for dematerialization and the ISIN No. allotted to the company is INE900E01015. The shares are also approved by Central Depository Services (India) Limited (CDSL) with ISIN No. INE900E01015. The promoters' shareholding has been dematerialised before 31st December, 2011.

a) Shareholding Pattern as on March 31, 2013

Category	No. of Shares held	Percentage of Shareholding
A. Promoters holding		
Individuals	168984	54.29
Bodies Corporate	77460	24.88
Foreign	NIL	NIL
Total Promoter's Shareholding (A)	246445	79.17
B. Public Shareholding		
Financial Institutions / Banks	265	0.01
Insurance Companies	238	0.01
Sub-Total (B)(1)	503	0.02
Bodies Corporate	3987	1.28
Individuals-		
I. Individual Shareholders holding	60804	19.53
Sub-Total (B)(2)	64791	20.81
Total Public Shareholding (B)	64842	20.83
GRAND TOTAL (A) + (B)	311287	100.00

CEO CERTIFICATION

The Board of Directors
Advance Lifestyles Limited
F.F. 21-22, Advance Plaza,
Shahibaug, Ahmedabad – 380004

Certification of Financial Statements for the year 2012-2013

I, Phulchand Agarwal, Chairman & Managing Director of the company on the basis of the review of Financial Statements and Cash Flow Statements for the financial year ending 31.03.2013 and to the best of my knowledge and belief, hereby certify that:

1. These statements do not contain any materially untrue statements or omit any material fact or contain statements that might be misleading.
2. 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.
3. There are to the best of my knowledge and belief, no transactions entered into by the company during the year ended 31.03.2013 which are fraudulent, illegal or in violation of the Company's code of conduct.
4. I accept responsibility for establishing and maintaining internal controls for financial reporting, I have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and I have disclosed to the auditors and the Audit Committee those deficiencies, of which I am aware, in the design or operation of the internal control systems and that I have taken the required steps to rectify these deficiencies.
5. I further certify that:
 - (a) There have been no significant changes in the internal control over financial reporting during this year.
 - (b) There have been no significant changes in accounting policies during this year and that the same have been disclosed in the notes to the financial statements.
 - (c) There have been no instances of significant fraud of which I have become aware and the involvement therein, of management or an employee having significant role in the Company's internal control systems over financial reporting.

Place: Ahmedabad
Date : 27th June, 2013

Phulchand Agarwal
Chairman and Managing Director