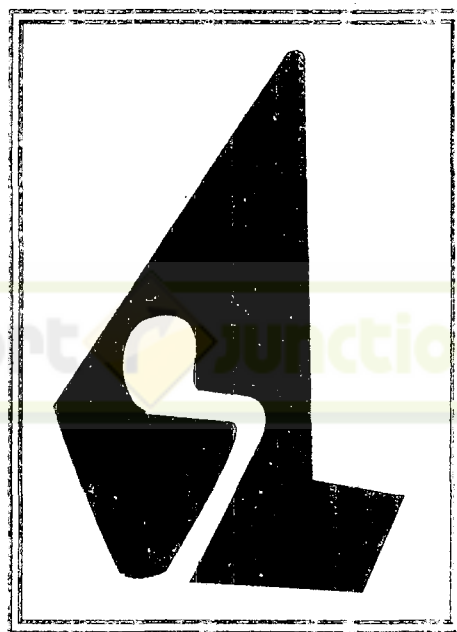


# ARAVALI SECURITIES & FINANCE LIMITED

MD	/		BKC	/
CS	/		PTY	NA
RO	/		ENV	NA
TRA	/		AC	/
AGM	/	/	SH	/
YE	/	/		/



17TH ANNUAL REPORT 1996-97



## Aravali Securities & Finance Limited

### BOARD OF DIRECTORS

1. Shri Ranjan Kumar Poddar (Chairman & Managing Director)
2. Shri Sanjay Dalmia
3. Shri Mahendra K. Modi
4. Shri Vikram Somany
5. Shri Vijay Sachdev

### SECRETARY

Shri Davinder Bhalla

### AUDITORS

Salarpuria & Partners

### INTERNAL AUDITORS

Rajan Goel & Associates

### BANKERS

1. Bank of Baroda
2. Punjab & Sind Bank
3. Punjab National Bank

### SUBSIDIARY COMPANY

Pratap Asbestos Limited

### REGISTERED OFFICE

UCO Bank Building,  
III Floor, Parliament Street,  
New Delhi - 110001



## ARAVALI SECURITIES & FINANCE LIMITED

Regd. Office: UCO Bank Building, III Floor, Parliament Street, New Delhi - 110 001

### NOTICE

Notice is hereby given that the 17th Annual General Meeting of the members of the company will be held as scheduled below :

DAY : Wednesday

DATE : 24th December, 1997

TIME : 11.00 a.m.

PLACE : Air Force Auditorium, Subroto Park, Near Dhola Kuan, New Delhi 110010.

#### Ordinary Business

- (1) To consider and adopt the Audited Balance sheet as at 31st March, 1997 and the Profit & Loss Account for the year ended on that date, the Auditors and Directors Reports thereon.
- (2) To appoint a Director in place of Sh. M. K. Modi who retires by rotation and is eligible for re-appointment.
- (3) To appoint a Director in place of Sh. Vikram Somany who retires by rotation and is eligible for re-appointment.
- (4) To appoint Auditors and fix their remuneration for the current year.

By Order of the Board of Directors

Place : New Delhi  
Dated: 13th November, 1997.

**DAVINDER BHALLA**  
G.M. & Company Secretary

## 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 AND THE PROXY NEED NOT BE A MEMBER. PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE MEETING. A PROXY FORM IS APPENDED WITH ADMISSION SLIP.
2. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, the 19th day of December, 1997 to Wednesday, the 24th day of December, 1997, both days inclusive.
3. Members are requested to notify immediately any change in their addresses to the Secretarial Department of the Company situated at "Gulmohar House" 1st Floor, 161-B/4, Yusuf Sarai, Gautam Nagar, New Delhi - 110 016.
4. Documents referred to in the accompanying Notice is open for inspection at the Registered Office of the company during office hours on all working days (Monday to Friday) except holidays between 11 A.M. to 1.00 P.M. upto the date of the Annual General Meeting and will also be available for inspection at the Meeting.
5. Members/Proxies should bring the attendance slip duly filled in for attending the Meeting.
6. 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.

**DIRECTORS' REPORT**

To The Members

Your Directors hereby present their 17th annual report together with audited accounts for the year ended 31st March, 1997.

**2. FINANCIAL RESULTS**

	31.3.97 (Rupees in lacs)	31.3.96 (Rupees in lacs)
a) Profit before interest, depreciation and taxes	613.82	688.96
b) Less : Interest	461.71	439.69
c) Profit before depreciation and taxes	152.11	249.27
d) Less : Depreciation	492.25	551.38
e) Loss before Provision of tax and NPA's	(340.14)	(302.11)
f) Add : (i) Provision for income reversal & assets as per RBI Prudential Norms	374.98	448.67
(ii) Provision for diminution in value of investments	8.81	---
g) Loss Before Taxation	(723.93)	(750.78)
h) Add : Provision for Wealth Tax	2.85	2.26
i) Loss After Taxation	(726.78)	(753.04)
j) Less : Investment Allowance Reserve written back	20.84	---
k) Add/ : Balance brought forward Less from previous year	(241.30)	607.54
l) Add : (i) Income Tax/Wealth Tax for earlier years	345.28	---
(ii) Transfer to lease adjustment (Rs.459.55 lacs less excess depreciation written back Rs.388.02 lacs)	---	71.53
m) Add : Transfer to Debenture Redemption Reserve	19.71	24.27
n) Balance carried to Balance Sheet	(1312.23)	(241.30)

To comply with the RBI guidelines regarding prudential norms for income recognition, assets classification, provisioning for Non-Performing Assets and diminution in value of long term investments, provision of Rs.383.79 Lacs has been made in accounts.

Further, the company has written off loan/Debtors of Rs.415.77 lacs given to one industrial enterprise which has been declared as sick company and the amount is not expected to be forthcoming.

The tax liability for previous year is on account of failure of merger proposal of sick industrial company with your company which would have given tax benefit to the company.

**3. DIVIDEND**

Due to continuous loss for the second consecutive year and various provisions required to be made in the audited accounts for the year ended 31.03.1997, the company does not have any surplus in P & L A/c for distribution as dividend to the shareholders. The Directors, therefore, have decided not to recommend any dividend for the year ended 31.3.1997. (Previous year Rs. NIL per Equity Share).

**4. TURNOVER AND PROFITS**

The total turnover of the company as on 31.3.1997 is Rs.2859.54 lacs as against turnover of Rs.3615.98 lacs in the previous year. The main cause for the low turnover during the current year is decreased paper sales and reduced lease rental. The Company during the year under consideration has leased out assets worth Rs. 75.50 Lacs as compared to Rs.186.68 Lacs in the previous year.

The Income from lease rental is Rs. 954.02 Lacs as against Rs. 1051.56 Lacs in the previous year. The reduced leasing activities is because of decision to first consolidate the company by recovering old dues and thereafter investing the funds of the company in more profitable and secured financing activities. The decision has been necessitated due to change in the economic scenario which has forced many finance companies to close their business. The company's Hire Purchase Scheme, during the year under consideration, has achieved a income of

Rs. 50.43 Lacs, as against Rs. 36.18 Lacs in the previous year. In view of company's experience in Hire Purchase activities and also of general trend, your company is concentrating its efforts in this activity and hopes to have better results in the coming years. During the year under consideration, the company once again valued its share portfolio on the basis of cost or market value, whichever is less. The paper trading activity of your company during the current year has suffered temporary set-back due to sluggish market. The company hopes to achieve better results in this activity once the market improves. Your company had a turnover of Rs. 1516.34 Lacs on account of paper sales which yielded a gross profit of Rs. 96.23 Lacs from this activity.

## 5. FINANCE

Due to financial crunch in the Indian economy, the finance companies, including your company, have suffered maximum as compared to other industries. The fixed deposit from the public, which was one of the major source for short term financing, has substantially reduced and the company as on 31.3.1997 has fixed deposit of Rs.577.86 lacs only. The bank limits have also been reduced and both these have put a considerable strain on the availability of funds to the company.

At the close of the Financial Year 1996-97 company has 55 fixed and recurring deposits amounting to Rs.8,83,000/= which have matured for repayment but remained unclaimed or for which the company has not received any instruction for disposal from the depositors before 31.3.1997 (43 deposit amounting to Rs.6,01,000/= have since been repaid or renewed). The company has sent letters to the respective depositors informing about the maturity of their fixed deposits and seeking for necessary instructions for the same. As and when the same are received, the company will carry out necessary action.

## 6. DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr. M. K. Modi and Mr. Vikram Somany, Directors, being the longest in the office will retire by rotation and being eligible are recommended for re-appointment.

## 7. AUDITORS' REPORT

Attention of the members is drawn to the Note No.6 and 7 appearing in the Notes to the Accounts and referred in the Auditors' report, which are self explanatory.

## 8. ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE

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.

## 9. PARTICULARS OF EMPLOYEES

Information in accordance with the provision of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975, as amended, regarding employees is given in Annexure 'A'.

## 10. PARTICULARS OF SUBSIDIARY COMPANY

Particulars of subsidiary Company, M/s Pratap Asbestos Ltd. in accordance with Section 212 of the Companies Act, 1956 are given in Annexure 'B' to this Report.

## 11. ACKNOWLEDGEMENT

Board of Directors acknowledge with sincere thanks the co-operation extended by the banks, fixed deposit holders and the employees of the company.

Registered Office :  
UCO Bank Building, III Floor  
Parliament Street  
New Delhi - 110 001

Dated: 13th November, 1997.

FOR AND ON BEHALF OF  
THE BOARD OF DIRECTORS

RANJAN KUMAR PODDAR  
Chairman and Managing Director



## AUDITORS' REPORT

We have audited the attached Balance Sheet of ARAVALI SECURITIES & FINANCE LIMITED as at 31st March, 1997 and Profit & Loss Account annexed thereto for the year ended on that date. We report as follows:

1. As required by the Manufacturing and other Companies (Auditors' Report) Order, 1988 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said order to the extent applicable.
2. Subject to above:
  - (a) We have 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 such books.
  - (c) The Balance sheet and Profit & Loss Account dealt with by the report are in agreement with the said books of account.
  - (d) In our opinion and to the best of our information and according to explanations given to us, the said statements of account subject to -
    - (i) not maintaining liquid assets to the required extent as prescribed by Reserve Bank of India (refer note no.6 appearing in Schedule 15),
    - (ii) not making provision for leave liability in respect of employees amounting to Rs.2,87,498/- (refer note no. 7 appearing in Schedule 15) and read together with other notes appearing in Schedule 15 thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view.
      - (aa) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 1997.
      - (bb) in the case of the Profit and Loss Account, of the loss of the Company for the year ended 31st March, 1997.

For SALARPURIA & PARTNERS  
Chartered Accountants

Place : New Delhi  
Dated : 13th November, 1997.

(KAMAL KUMAR GUPTA)  
Partner

## ANNEXURE TO THE AUDITOR'S REPORT

(Referred to in paragraph (1) of our Report of even date on the Statements of Account of ARAVALI SECURITIES & FINANCE LIMITED as at and for the year ended 31st March, 1997).

- (i) The Company has maintained proper records to show full particulars including quantitative details and situation of its fixed assets. The fixed assets of the Company except assets on lease have been physically verified by the management periodically at reasonable intervals and no discrepancy between the book records and physical inventory has been noticed.
- (ii) Fixed assets of the Company have not been revalued during the year.
- (iii) The stocks of goods and shares & securities have been physically verified by the management at reasonable intervals.
- (iv) In our opinion and according to the information and explanations given to us, the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (v) No discrepancy has been noticed on physical verification of stocks as compared to book records.
- (vi) In our opinion and on the basis of our examination of the valuation of stocks, such valuation is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
- (vii) In our opinion, the rate of interest and the terms and conditions on which loans have been obtained from directors, firms or other parties as listed in the register maintained under Section 301 of the Companies Act, 1956 are not prima facie prejudicial to the interests of the Company. There is no company under the same management as defined under Section 370 (1-B) of the Companies Act, 1956.
- (viii) In our opinion and according to the information and explanations given to us in respect of loans given to the Companies, firms or other parties, as listed in the register maintained under Section 301 of the Companies Act, 1956, the rate of interest and other terms & conditions are not prima facie prejudicial to the interests of the Company. There is no company under the same management as defined under Section 370 (1-B) of the Companies Act, 1956.
- (ix)
  - (a) In respect of monies due under Hire Purchase/Lease transactions, where instalments are not received as stipulated, on the basis of information and explanations given to us, we are of the opinion that reasonable steps are taken by the Company for recovery.
  - (b) In respect of loans given, the parties are generally regular in repayment of principal amount and interest there on as stipulated or as rescheduled. In some cases where amounts or interest are not received as stipulated or rescheduled, amounts outstanding are considered good by management. However, an amount of Rs.415.77 Lacs have been written off during the current year.
  - (c) In respect of interest free loans given to staff, the repayment of principal is generally in accordance with the stipulated terms as modified from time to time except in few cases where the employees have left the services of the company abruptly, which are considered good by the management and reasonable steps have been taken to recover the said amounts.
- (x) In our opinion and according to information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for purchases of goods, shares & securities, plant & machinery, equipments and other assets and also for sale of goods and shares & securities.
- (xi) In our opinion and according to the information and explanations given to us, the transactions of purchase and sale of goods, materials and for leasing activities and other financial services, made in pursuance of contracts or arrangements required to be entered in the Register maintained under Section 301 of the Companies Act, 1956,





and aggregating during the year to Rs.50,000 or more in respect of each party have been made at prices which are reasonable, having regard to the prevailing market prices for such goods, materials or services where such market prices are available or the prices at which transactions for similar such goods, materials or services have been made with other parties.

- (xii) In our opinion and according to the information and explanations given to us, the Company has complied with the directives issued by the Reserve Bank of India with regard to acceptance of deposits from the public except to the extent mentioned in note no. 6 appearing in notes on accounts.
- (xiii) In our opinion, reasonable records have been maintained by the Company for sale & disposal of realisable scrap and the company has no by-product.
- (xiv) The Company has an internal audit system commensurate with the size of the Company and nature of its business, which needs to be strengthened further.
- (xv) The Company has been generally regular in depositing Provident Fund & Employees State Insurance dues with the appropriate authorities.
- (xvi) According to the information & explanations given to us, there were no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Custom Duty and Excise Duty outstanding as at 31st March, 1997 for a period of more than six months from the date they became payable.
- (xvii) According to information and explanations given to us and the records examined by us, no personal expenses have been charged to revenue account, other than those payable under contractual obligations or in accordance with generally accepted business practice.
- (xviii) The Company is not a sick industrial company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985.
- (xix) In respect of trading activities of the Company, we are informed that there are no damaged stocks.
- (xx) Proper records and adequate documents have been maintained in respect of loans and advances given on the basis of securities by way of pledge of shares, debentures and other similar securities.
- (xxi) According to information and explanations given to us, the provisions of special statutes applicable to Chit Fund, Nidhi or Mutual Benefit Society are not applicable to the Company.
- (xxii) Proper records have been maintained of the transactions and contracts and timely entries have been made therein with regard to purchases or dealing in Shares & Securities. All the investments are held by the Company in its own name except to the extent mentioned in Schedule 6.
- (xxiii) In our opinion, the other clauses of the aforesaid order are not applicable.

For SALARPURIA & PARTNERS  
Chartered Accountants

Place : New Delhi  
Dated : 13th November, 1997.

(KAMAL KUMAR GUPTA)  
Partner

**BALANCE SHEET AS AT 31ST MARCH,1997**

		As at 31st March,1997	As at 31st March,1996
	Schedule	Rupees	Rupees
<b>SOURCES OF FUNDS</b>			
<b>SHARE HOLDERS' FUNDS</b>			
Share Capital	1	151538500	151538500
Reserves and Surplus	2	175029700	175142700
<b>LOAN FUNDS</b>			
Secured Loans	3	68943865	84512737
Unsecured Loans	4	110136252	152724457
<b>TOTAL</b>		<b>505648317</b>	<b>563918394</b>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>	5		
Assets on Lease			
Gross Block		563416954	573174791
Less : Depreciation		347765174	310365530
Net Block		215651780	262809261
Other Fixed Assets			
Gross Block		15236152	15209184
Less : Depreciation		2208100	1477783
Net Block		13028052	13731401
Capital Work in Progress		20470844	14416082
		33498896	28147483
Total Net Block		249150676	290956744
Less : Accumulated Lease Adjustment Account		47221574	43388105
		201929102	247568639
<b>INVESTMENTS</b>	6	118833968	121533805
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>	7		
Stocks		21211889	34864042
Stock on hire under Hire- Purchase Agreements		26012710	23719180
Sundry Debtors		167182443	130051000
Cash & Bank Balances		3520318	25034941
Loans and Advances		51720160	129628846
		269647520	343298009
<b>LESS: CURRENT LIABILITIES AND PROVISIONS</b>	8		
Current Liabilities		132437626	127512502
Provisions		83547717	45099704
		215985343	172612206
<b>NET CURRENT ASSETS</b>		<b>53662177</b>	<b>170685803</b>
<b>PROFIT AND LOSS ACCOUNT</b>			
Balance (Dr.) as per account annexed		131223070	24130147
<b>TOTAL</b>		<b>505648317</b>	<b>563918394</b>
<b>ACCOUNTING POLICIES AND NOTES ON ACCOUNTS</b>	15		
The Schedules referred to above form an integral part of Balance Sheet.			

As per our report attached  
For SALARPURIA & PARTNERS  
Chartered Accountants

Kamal Kumar Gupta  
Partner

Place :New Delhi  
Dated : 13th November,1997

DAVINDER BHALLA  
G.M. & Company Secretary

RANJAN KUMAR PODDAR  
Chairman & Managing Director

SANJAY DALMIA  
M.K. MODI  
VIJAY SACHDEV  
Directors