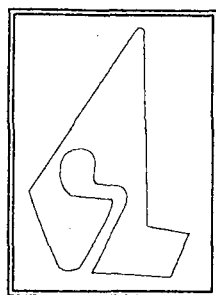


ARAVIND SECURITIES & SERVICES LIMITED

| | | | | |
|-----|-------------------------------------|-------------------------------------|-----|-------------------------------------|
| MD | <input checked="" type="checkbox"/> | | BKC | <input checked="" type="checkbox"/> |
| CS | <input checked="" type="checkbox"/> | | DPY | NA |
| RO | <input checked="" type="checkbox"/> | | DIV | NA |
| TRA | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | AC | <input checked="" type="checkbox"/> |
| AGM | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | SHI | <input checked="" type="checkbox"/> |
| YE | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | |

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18TH ANNUAL REPORT 1997-98



Aravali Securities & Finance Limited

BOARD OF DIRECTORS

1. Shri Ranjan Kumar Poddar (Chairman & Managing Director)
2. Shri Sanjay Dalmia
3. Shri Vijay Sachdev

SECRETARY

Shri Davinder Bhalla

AUDITORS

Salarpuria & Partners

INTERNAL AUDITORS

Rajan Goel & Associates

BANKERS

1. Bank of Baroda
2. Punjab & Sind 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 18th Annual General Meeting of the members of Aravali Securities & Finance Ltd. will be held on Monday the 28th Day of September, 1998, at 3.30 p.m. at The Executive Club, Dolly Farms & Resorts Pvt. Ltd. 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi - 110030. to transact the following business.

ORDINARY BUSINESS

1. To receive, consider, approve and adopt the audited Balance Sheet as at 31st March, 1998, and the Profit and Loss account for the year ended on that date together with the Auditors' and Directors' Report thereon.
2. To appoint a Director in place of Mr Vijay Sachdev who retires by rotation and is eligible for re-appointment.
3. To appoint auditors for the current year and to fix their remuneration.

SPECIAL BUSINESS

4. Appointment of Mr Ranjan Kumar Poddar as Managing Director

To consider and, if thought fit, to pass the following resolution as an ordinary resolution with or without modification(s):

"RESOLVED THAT in accordance with the provisions of Section 269 & 309, of the Companies Act, 1956, and other applicable provisions, if any, the Company hereby approves the appointment of Mr Ranjan Kumar Poddar as Managing Director of the Company for a period of 5 years w.e.f. 12th August, 1998, on the terms and conditions as are set out in the draft agreement submitted to this meeting and for the purpose of identification signed by a director of the Company which is hereby specifically approved with the liberty to the Board of Directors to alter or vary, from time to time, the terms and conditions of the said agreement including increase in the remuneration payable to the Managing Director, however, subject to the condition that the maximum remuneration payable shall not increase the ceiling prescribed under Schedule XIII of the Companies Act, 1956, or any other provision thereof and which is agreed between the Board of Directors and the said Mr Ranjan Kumar Poddar."

Registered Office :
UCO Bank Building
III Floor, Parliament Street
New Delhi-110 001
Dated : 14th August, 1998.

By Order of the Board of Directors

DAVINDER BHALLA
G.M. & Company Secretary

NOTES :

- (a) The relative explanatory statements, pursuant to Section 173(2) of the Companies Act, 1956, in respect of special business is annexed hereto.
- (b) A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member of the Company. Proxies in order to be effective must be received by the Company not less than 48 hours before the meeting. Proxy shall not be entitled to speak at the meeting.
- (c) The Register of Members and Transfer Books of the Company will be closed from Friday the 25th day of September, 1998, and will remain closed till Monday the 28th day of September, 1998, both days inclusive.
- (d) Member desiring any information about the accounts are requested to write to the Company atleast seven days in advance of Annual General Meeting so as to enable the management to keep the information ready at the meeting.

ANNEXURE TO NOTICE

As required by Section 173(2) of the Companies Act, 1956, the following explanatory statements set out all material facts relating to the business mentioned under Item No.4 of the accompanying Notice dated 14th August, 1998 :-

ITEM NO. 4

Mr Ranjan Kumar Poddar was appointed Managing Director of the Company on 10th August, 1988 for a period of 5 years. He was again re-appointed as Managing Director w.e.f. 12th August 1993 and his appointment was going to end on 11th August, 1998. The Board of Directors of the Company in their meeting held on 31st July, 1998, re-appointed Mr. Ranjan Kumar Poddar as Managing Director w.e.f. 12th August, 1998 for a further period of 5 years.

Mr Ranjan Kumar Poddar is a B.A.Economics (Hons) from St. Xavier's College, Calcutta. He is permanent Chairman of the Company and has been looking after the Company since its inception. Since last 10 years, he has been the Managing Director of the Company and the Company has been doing well except for the last 3 years when the provisions as per the RBI Prudential Norms has been started to be made in the accounts.

The draft Agreement between the Company and the Managing Director contains the following terms and conditions :

- (a) Mr Ranjan Kumar Poddar, Managing Director of the Company shall look after the general conduct and management of the business and affairs of the Company subject, however, to the supervision and control of the Board of Directors and subject to the provisions of the Companies Act, 1956, and shall also perform such other duties and services and exercise such powers as may, from time to time, be entrusted to him by the Board of Directors.
- (b) The Managing Director is entrusted with certain specific powers without prejudice to generality of general powers of the Management which, inter-alia, include the powers of borrowing, investing and lending monies as the Board of Directors may, from time to time, delegate under Section 292 of the Companies Act, 1956, and within such limit as the Board of Directors may determine from time to time .
- (c) Period of agreement : 5 Years with effect from 12.8.1998.
- (d) Remuneration :

Subject to the ceiling prescribed under Schedule XIII of the Companies Act, 1956, the Managing Director shall be paid



the following remuneration :

- (1) Salary : Rs. 25,000/= per month.
- (2) Commission : 1% of the net profit of the Company for each financial year, subject however to a maximum of one year salary.
- (3) Perquisites :

PART - A

- (i) Housing I - The expenditure by the Company on hiring unfurnished accommodation for the Managing Director will be subject to the ceiling of sixty percent of the salary, subject however that ten percent will be payable by the Managing Director.

Housing II - In case the accommodation is owned by the Company, ten percent of the salary of the Managing Director shall be deducted by the Company.

Housing III - In case no accommodation is provided by the Company, the Managing Director shall be entitled for house rent allowance subject to the ceiling of sixty percent of the salary.

Explanation : The expenditure, if any, incurred by the Company on gas, water, electricity and furnishing shall be valued as per the Income-Tax Rules, 1962. This shall, however, will be subject to a ceiling of ten percent of the salary of the Managing Director.

- (ii) Medical Reimbursement : Expenses incurred by the Managing Director and his family subject to a ceiling of one month salary in a year or three months salary over a period of three years.
- (iii) Leave Travel Concession : For the Managing Director and his family once in a year incurred in accordance with the rules specified by the Company.
- (iv) Club Fees : Fees of club subject to a maximum of two clubs. This will not include admission and life membership fees.
- (v) Personal Accident Insurance : Premium not to exceed Rs.4,000/= per annum.

For the purpose of this part 'family' means the spouse, dependent children of the appointee.

PART - B

- (i) Gratuity not exceeding half a month's salary for each completed year of service.
- (ii) Contribution to the Provident Fund, Superannuation Fund or Annuity Fund will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income-tax Act, 1961.

PART - C

Provision of car for use on Company's business and telephone on residence will not be considered as perquisites. Personal long distance calls and use of car for private purposes shall be billed by the Company to the Managing Director.

- (e) The terms and conditions of the said re-appointment and/or Agreement including increase of remuneration may be altered and varied from time to time by the Board of Directors as it may, in its discretion, deem fit, within the limit of maximum amount payable to the Managing Director in accordance with the Companies Act, 1956, or any amendments made hereafter in this regard.
- (f) The Agreement may be terminated by either party giving the other party six months' notice or the Company paying six months' salary in lieu thereof.
- (g) If at any time the Managing Director ceases to be a Director of the Company, for any cause whatsoever, he shall cease to be the Managing Director.

- (h) The Managing Director shall not be entitled to supplement his earnings under the Agreement with any buying or selling commission. He shall not also become interested or otherwise concerned directly or through his wife and/or minor children in any selling agency of the Company, without the prior approval of the Central Government.
- (i) In compliance with the provisions of Section 269 and 309 of the Companies Act, 1956, the terms of remuneration specified above are now being placed before the members in General Meeting for their approval.
- (j) The draft agreement between the Company and Mr Ranjan Kumar Poddar is available for inspection by the members of the Company at its Registered Office between 11.00 a.m. and 1.00 p.m. on any working day.
- (k) Mr Ranjan Kumar Poddar is concerned and interested in this resolution.
- (l) This may be treated as an abstract of the draft Agreement between the Company and Mr Ranjan Kumar Poddar pursuant to Section 302 of the Companies Act, 1956.

Registered Office :
UCO Bank Building
III Floor, Parliament Street
New Delhi-110 001
Dated : 14th August, 1998.

By Order of the Board of Directors

DAVINDER BHALLA
G.M. & Company Secretary

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DIRECTORS' REPORT

TO THE MEMBERS

The Directors of your Company hereby present the 18th annual report on the working of the Company together with audited accounts for the year ended 31st March, 1998.

2 FINANCIAL RESULTS

| | 31.3.98 (Rupees in lacs) | 31.3.97 (Rupees in lacs) |
|--------------------------------------------------------------------|-----------------------------|-----------------------------|
| a) Profit before interest, depreciation and taxes | 610.31 | 613.82 |
| b) Less: Interest | 315.76 | 461.71 |
| c) Profit before depreciation and taxes | 294.55 | 152.11 |
| d) Less : Depreciation | 385.51 | 492.25 |
| e) Loss before Provision of tax and NPA's | (90.96) | (340.14) |
| f) Less/ : Withdrawal from / provision for income reversal | | |
| Add and asset as per RBI Prudential Norms | 67.84 | (374.98) |
| Withdrawal from / provision for diminution in value of investments | 3.75 | (8.81) |
| g) Loss Before Taxation | (19.37) | (723.93) |
| h) Add : Provision for Income Tax/ Wealth tax | (24.75) | (2.85) |
| i) Loss After Taxation | (44.12) | (726.78) |
| j) Add : Balance of loss brought forward from previous years. | (1312.23) | (241.30) |
| k) Add : Income Tax/Wealth Tax for earlier years. | (20.43) | (345.28) |
| Less : Amount transferred from Investment Allowance Reserve. | 26.87 | 20.84 |
| General Reserve | 110.89 | — |
| Debenture Redemption Reserve | 52.99 | — |
| Balance carried to Balance Sheet | (1186.03) | (1292.52) |

The Company in accordance with the guidelines issued by the RBI has been providing for the non-performing assets and also for diminution in value of investments. The figures for the previous year has been regrouped wherever required.

3. DIVIDEND

You will observe from the financial results of the Company that it has suffered a net loss for the year ended 31st March, 1998, and there is no surplus in the Profit & Loss Account for distribution as dividend to the shareholders. The Directors of your Company, therefore, have decided not to recommend any dividend for the year under consideration.

4. TURNOVER AND PROFITS

Your Company during the year under consideration has registered a turnover of Rs.2071.61 lacs as against Rs.2851.26 lacs in the previous year. During the current year, sale of paper and shares has reduced from 1662.81 lacs to Rs.1269.76 lacs. The lease income during the current year amounts to Rs.612.92 lacs and is less than the income generated during the last year. The hire charges are Rs.45.82 lacs and are almost similar as earned during the previous year. The overall reduction in the income is due to sluggish market conditions and recessionary trends prevailing in the whole of South East Asia. Further, the Company has also reduced its business of financing and is concentrating on consolidating itself. The other efforts are towards recovery of past dues from the lessees and once achieved it will give sufficient leverage to enhance its business with its own funds.

5. FINANCE

As mentioned in the last year's Directors' Report, the availability of finances to the non-banking financial companies has been affected substantially. This situation has been further aggravated with non-payment of deposits by few companies. The RBI has also tightened its norms for borrowing by NBF's and virtually no money is available to finance

companies. The banks which extended credit limits to your Company have reduced the limits inspite of your Company's good record. The deposits which have been another source of finance for your Company are being constantly withdrawn by the depositors due to lack of confidence in the NBFCs. The collection of lease rentals has also become difficult due to recessionary trends in the economy. Your Company alongwith other NBFCs is facing a financial crunch which in turn is affecting its business. The Board of your Company feels that this scenario will not last for long and your Company once again will have sufficient finance to work normally. Further, it is expected that the government will take some constructive steps for revival of the financial sector.

At the close of the Financial Year 1997-98, the Company has 80 fixed deposits amounting to Rs. 26,85,000/= which have matured for repayment but remained unclaimed or for which the Company has not received any instruction for disposal from the depositors on or before 31.3.1998 (60 deposits amounting to Rs.24,67,000/= have since been repaid or renewed). The Company has intimated to the respective depositors through letters about the maturity of their fixed deposits and has sought their instructions on the same.

6. DIRECTORS

In accordance with the provisions of the Companies Act 1956 and Articles of Association of the Company, Mr Vijay Sachdev, Director, being the longest in the office will retire by rotation and being eligible, offers himself for re-appointment. Since last Annual General Meeting, Sh. Mahendra Kumar Modi & Sh. Vikram Somany, Directors of the Company has resigned from the Directorship due to their pre-occupation. The Board of Directors put on record their appreciation for valuable services rendered by them during their tenure of Directorship.

7. AUDITORS' REPORT

Attention of the members is drawn to the Note No. 5 and 6 appearing in the notes to the Accounts and referred to in the Auditors' report, and also to point No. (xii) of the Annexure to the Auditor's 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, forming part of this report, is given in Annexure 'A'.

10. PARTICULARS OF SUBSIDIARY COMPANY

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

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: 14th August, 1998.

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, 1998 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 this 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.5 appearing in Schedule 15),
 - (ii) not making provision for leave liability in respect of employees amounting to Rs.4,06,769/- (refer note no. 6 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, 1998.
 - (bb) in the case of the Profit and Loss Account, of the loss of the Company for the year ended 31st March, 1998.

For SALARPURIA & PARTNERS
Chartered Accountants

Place : New Delhi
Dated : 14th August, 1998.

(KAMAL KUMAR GUPTA)
Partner

ANNEXURE TO THE AUDITORS' 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, 1998).

- (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 companies, 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 thereon 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.
 - (c) In respect of interest free advances 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. However, Rs.106283 has been written off during the current year.
- (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.